



Doing Business in Cambodia

2010 Country Commercial Guide for U.S. Companies

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Chapter 1: Doing Business In Cambodia

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Market Overview

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- Cambodia is a developing market economy that grew at an average rate of over 10 percent from 2004 to 2007, driven largely by an expansion in the garment sector, construction, agriculture, and tourism. Growth dropped to below 7% in 2008 and is estimated to have contracted by 2% in 2009 as a result of the global economic crisis. Roughly one-third of 13.3 million Cambodians live in poverty, however the government hopes to raise the living standard of citizens through one of the most liberal investment regimes in Asia.
- A democratic system and constitutional monarchy were re-established in 1993 after more than two decades of civil war and communist rule, including the period 1975 – 1979 when the Mao-inspired Khmer Rouge killed most of Cambodia's intellectuals and capitalists. The most recent 2008 coalition government dominated by the Cambodian People's Party pledged to devote its full energies to accelerate economic development through the implementation of an ambitious economic and political reform program.
- Cambodia is one of the few Least Developed Countries (LDCs) to export over \$2 billion. Since Cambodia became the first LDC to join the World Trade Organization (WTO) in 2004, trade has steadily increased, and the U.S. has been Cambodia's largest trading partner. In 2009, exports to the U.S. were \$1.9 billion, at least 58 percent of Cambodia's total exports, primarily consisting of garments and footwear. U.S. exports to Cambodia in 2009 were \$127 million, down 17 percent from 2008. In July 2006, the United States signed a Trade and Investment Framework Agreement (TIFA) with Cambodia to promote greater trade and investment in both countries and provide a forum to address bilateral trade and investment issues.
- Cambodia is also a member of the Association of Southeast Asian Nations (ASEAN) and the Asia Free Trade Area (AFTA), which will enhance regional trade as tariffs within ASEAN are lowered to zero to five percent by 2015. Concurrent with ASEAN integration, an interconnected series of highways, railways, power, and telecommunications is being implemented in the Greater Mekong Subregion (GMS) countries of China, Thailand, Myanmar, Laos, Cambodia, and Vietnam which will greatly enhance intra-regional trade.

- Cambodia's rapidly expanding tourism industry is led by the spectacular cultural attraction of Angkor Wat. Tourism has increased more than eleven-fold since 1998 when Cambodia received a modest 187,000 tourists, with the number of foreign arrivals exceeding 2 million in 2009. The government is now looking to diversify tourism options by opening up ecotourism and beach tourism attractions throughout the country, as well as taking advantage of UNESCO World Heritage status granted in July 2008 to the Preah Vihear temple.
- Despite rapid growth in garments and tourism, Cambodia remains an agrarian society, with the agriculture sector employing approximately 80 percent of Cambodia's population. Cambodia's primary crop is rice, production growth of which over the past 10-12 years has been surprisingly strong, increasing at a 9 percent annual growth rate. At the same time, rice exports have increased from zero in Market Year (MY) 2000/01 to an estimated 800,000 tons this year (MY 2009/10). The country also exports fish, rubber, cassava, corn, and other plantation crops. Improvements in infrastructure, agricultural inputs, and farming practices could significantly increase agricultural yields. Cambodia also has a large amount of uncultivated arable land; however, due to decades of civil war and communist rule, determining legal ownership is tenuous in many cases as most land ownership is not yet titled.
- Donors have been a driving force behind the development efforts of Cambodia with financial support accounting for at least 50% of the government budget. Bilateral and multilateral donors such as the World Bank, IMF, and Asian Development Bank support and closely monitor the government's reform program. The U.S. is one of Cambodia's largest donors and official U.S. assistance amounted to over \$62 million in 2009, up from \$36 million in 2002.
- Foreign investment in Cambodia has increased significantly since 2004 led by Asian investors from countries such as Malaysia, China, Korea, Thailand, and Vietnam. Approved investment proposals by the Council for the Development of Cambodia surpassed \$11 billion in 2008. The Cambodian government currently offers a generous package of incentives to foreign investors and imposes few restrictions on imports from abroad.

Market Challenges

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- While Cambodia presents many opportunities as it emerges from its history of civil war and communist rule, the country ranks very poorly on World Bank, Transparency International, and the Global Forum surveys related to business climate. Significant challenges commonly cited by the private sector include pervasive corruption, poor infrastructure, weak institutions, and undeveloped human resources.

Market Opportunities

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- Cambodia offers potential investment opportunities in tourism infrastructure and resorts; education; architecture, construction, and engineering services; household goods and appliances; agribusiness and food processing; used cars and automotive parts; power generation equipment and power transmission infrastructure; fast food and beverage franchises; pharmaceuticals, medical supplies, and medical equipment; and banking.

Market Entry Strategy

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- Obtaining a local partner, such as an agent or distributor, is the preferred means of entering the Cambodian market for the first time as it is one of the most efficient and effective ways to reach Cambodian buyers. The agent or distributor can facilitate and expedite the market entry with their market knowledge and established networks. Personal relationships are key to locating suitable Cambodian business partners for successful business transactions.

Please refer to Chapter 3 of the Country Commercial Guide for further information on access to the Cambodian market.

American companies may also wish to contact the American Cambodian Business Council (AmCham) or the U.S.-ASEAN Business Council.

American Cambodian Business Council (AmCham)

56, Samdech Sothearos Blvd., Phnom Penh

Tel: (855-23) 362-670

Fax: (855-23) 362-671

Email: boranin@sa-cambodia.com

Contact: Mr. Bretton Sciaroni (President)

U.S.-ASEAN Business Council

1101 17th Street NW, Suite 411

Washington, DC 20036

Tel: 202 289-1911

Fax: 202 289-0519

Email: mail@usasean.org

Internet: <http://www.us-asean.org>

Contact: Frances Zwenig (Counselor, responsible for Cambodia, Laos, Myanmar, Thailand and Vietnam)

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Chapter 2: Political and Economic Environment

For background information on the political and economic environment of the country, please click on the link below to the U.S. Department of State Background Notes.

<http://www.state.gov/r/pa/ei/bgn/2732.htm>

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Using an Agent or Distributor

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Many Cambodian firms wish to become agents or distributors of U.S. companies, since U.S. goods and services are well received here. Companies wishing to use distribution or other agency arrangements need to ensure that the agreements they put into place are in compliance with existing laws of Cambodia.

Using agents and distributors is one of the most efficient and effective ways to sell U.S. products in Cambodia. The local agents and distributors could help facilitate and expedite the market entry with their market knowledge and established network. Local agents are accustomed to local business practices and requirements.

U.S. companies should, however, conduct sufficient due diligence on potential local agents or distributors to ensure they have the necessary credentials and qualifications for business deals. Commercial agreements must thoroughly document the rights and obligations of each party and clearly stipulate dispute resolution procedures, for example.

One way to locate or seek help to identify Cambodian agents, partners or distributors is to contact the Phnom Penh Chamber of Commerce American Cambodian Business Council (AmCham), or International Business Club. Another channel to find local partners is through local business associations such as the Rice Miller Association or Hotel Association.

The Council for the Development of Cambodia (CDC) approves applications for investment incentives pursuant to the amended Investment Law adopted in 2003. The Cambodian Investment Board (CIB), a division of the CDC, is responsible for accepting and reviewing applications for investment incentives.

Investors seeking incentives should file an application including an investment proposal with the CIB. While the application fee can be substantial – about \$1,500-\$2,000 for processing – the incentives provided usually make the effort worthwhile (see Chapter 6 of this guide for details).

From the date of submission of the application, the CIB has three working days to issue a Conditional Registration Certificate or a Letter of Non-Compliance to investors. If the CIB fails to issue the Conditional Registration Certificate or Letter of Non-Compliance within three working days, then the Conditional Registration will be taken to have been approved. A Final Registration Certificate must be issued within 28 working days of the issuance of the Conditional Registration Certificate.

A Final Registration Certificate will be revoked if the investor does not carry out an investment activity within six months of the receipt of all the required documents or the investor obtained a Final Registration Certificate through fraud or misrepresentation.

Upon receipt of an agreement in principle (Final Registration Certificate) from the CIB, the investor prepares registration forms for filing with the Ministry of Commerce. The Ministry of Commerce issues the formal business license.

Investors not seeking incentives, or who are ineligible, must register companies directly with the Ministry of Commerce. The CDC-promoted sectors include agriculture and agro-processing industries, manufacturing, export-oriented industries, infrastructure development, international standard hotels, and environmental protection activities.

U.S.-trained attorneys who wish to establish an office in Cambodia are required by terms of the bar statute, passed in June 1995, to affiliate with an attorney licensed in Cambodia.

The Law on Commercial Enterprise provides a comprehensive legal framework for the establishment and operation of businesses. The forms of business organization include a limited liability company, branch office, representative office, partnership, and sole proprietorship.

A limited liability company refers to a company in which liability of shareholders is limited to capital contribution. It is the most common business form. The establishment requires a minimum capital at \$1,000. It can be 100% Cambodian-owned, 100% foreign-owned, or any combination thereof.

A limited partnership is a contract of partnership between one or more general partners who are the sole persons authorized to administer and bind the partnership, and one or more limited partners, who are bound to contribute to the capital of the partnership. Each limited partner is entitled to receive his share of the profits and liable only to the extent of the sum of money or value of the property he agrees to contribute. The

general partners are jointly and severally liable for the debts of the partnership to third parties.

Another legal form of business that can be established by eligible investors is a representative office, which is primarily designed to serve as a channel for promoting and marketing products. Such an office can be well suited for American firms wishing to sell products in the country to gain entry to the Cambodian market. A representative office can also facilitate sourcing local goods and services and collecting local information for the home company.

Foreign companies can also establish branch offices and subsidiaries in the country. A branch office may perform the same acts as a representative office and, in addition, may regularly buy and sell goods and services and engage in manufacturing, processing and construction as a local enterprise as long as it does not perform acts prohibited by law to a foreign natural or legal person. A subsidiary is a company that is incorporated by a foreign company in Cambodia with at least 51% of its capital held by the foreign company and has a legal personality separate from the principal. A subsidiary may be incorporated in the form of a partnership or limited company and may conduct business the same as a local company except for any act that is prohibited by law to a foreign natural or legal person.

Franchising

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While Cambodia currently has no special laws regulating franchises, the Commercial Enterprise Law has a provision to cover franchises. Cambodian businesses are eager to become a franchisee of U.S. brand-name companies.

Direct Marketing

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Cambodia is flooded with foreign-made products, particularly from neighboring countries. The main attraction of foreign products is their perceived superior quality, reliability, and status. Products from developed countries such as the U.S. and Japan are perceived as having the highest quality and status. Products from the U.S. are highly thought of and popular in Cambodia, and as a result, a wide variety of U.S. products, often purchased through U.S. wholesale outlets and shipped for resale in Cambodia, are available in Cambodian markets.

There is little direct marketing of U.S. products in Cambodia. In general, direct marketing techniques such as telemarketing and door-to-door sales are new concepts to Cambodian consumers, albeit some businesses have used these techniques to promote their products. Telemarketing via mobile phone targeted at younger Cambodian consumers has become increasingly popular in recent years.

Joint Ventures/Licensing

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Joint ventures are common, but no special laws apply. Selection of a suitable joint venture partner is very important, and great care should be taken to ensure that potential partners are suitable for your business. After entering into a local partnership, it may be difficult to dissolve the relationship without consent of the local partner. The prevailing commercial environment requires significant due diligence review of potential joint venture partners, and all terms of the agreement should be clearly articulated including provisions for dispute resolution.

Joint ventures with the government exist; the government contributes a majority share, generally in real estate, while the foreign joint venture partner, with a minority share, brings cash or equipment to the deal. The government percentage fluctuates widely.

Selling to the Government

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Cambodia's government procurement regime is governed by a 1995 sub-decree. The sub-decree requires that all international purchases over 200 million Riel (\$50,000) for civil work and 100 million Riel (\$25,000) for goods be made through public tender.

While Cambodia has clear regulations pertaining to government procurement, the conduct of procurement is often nontransparent. The Cambodian government often provides short time frames to respond to public announcements of tenders, which frequently are not widely publicized. Cambodia is not a signatory to the WTO Agreement on Government Procurement.

Distribution and Sales Channels

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There are three widely used distribution channels. Wholesalers import goods and then sell the goods to retailers. In some cases, the wholesalers provide delivery service, credit, and warranties to small shops or stands in the local markets. Some sellers reach consumers through their own retail shops or via vans travelling throughout the country. Finally, sellers who have no retail shops sell directly to customers by advertising in newspapers, and on radio and television.

Legitimate importers may obtain exclusive rights to import products of particular brand names from the Ministry of Commerce. Cambodia places almost virtually no restriction on foreign participation in the import/export and distribution sectors.

In addition to the traditional markets, Cambodia's retail landscape is undergoing rapid transformation. Cambodia has witnessed a growth of western-style shopping malls, mini-marts, convenience stores and supermarkets, catering mostly to social elites, the urban middle class, and expatriates. Some of the western-style markets in town include Lucky Market, Super Pencil, Thai Huot Market and Bayon Market. Shopping malls include Sorya, Sovanna, and City Mall, with several more ambitious projects proposed by various Cambodian and international developers.

Selling Factors/Techniques

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The adult literacy rate in 2008 was about 74 percent, and approximately 80 percent of the population lives in rural areas. Print media is unlikely to be the most effective method to reach potential consumers. Broadcast advertising is likely more effective as it reaches the widest audience. Foreign companies also make use of trade fairs. The Cambodian Ministry of Commerce and foreign companies from Thailand, China, and Vietnam have organized a number of trade fairs, which are gaining popularity.

Awareness of brands is still limited and low in Cambodia although brand loyalty has increasingly become a trend for durable products and health-related products among the elite class. In general, as most Cambodians are poor, prices still matter the most.

Electronic Commerce

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E-commerce is relatively undeveloped, although some local banks have begun to issue credit cards in order to facilitate purchases made via the Internet. Some of the impediments to the development of the e-commerce include inadequate internet infrastructure, low levels of internet use, and extremely limited credit card use. There is a growing number of online shopping websites that cater mostly to the small number of urban consumers with access to the internet, though the profitability of such commerce is still questionable.

Trade Promotion and Advertising

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Advertising and trade promotion are important marketing tools in Cambodia. Local vendors use a variety of advertising methods. Special promotional campaigns might be conducted at local markets, shops, restaurants, Internet cafés, and movie theaters to reach the public. Giving gifts, discount coupons, or lucky draws for items including money, gold, motorcycles, cars, or electrical appliances is a common and effective promotion technique.

Although newspaper advertising is often used, radio and television are also effective means of reaching the Cambodian public. Khmer language newspapers are often linked to political parties, and press runs for the smaller publications are very limited.

Published in the capital, the major dailies are distributed to the larger provincial cities. Ratings and market share of various broadcast outlets and programs are not routinely determined, since no local equivalent of Nielsen or Arbitron exists. Instead, stations commission occasional small surveys to determine audience size and programming preferences, and university students sometimes do similar studies as academic projects.

According to a public survey on radio programming conducted by the International Republican Institute (IRI), FM 105 and FM 103 are the most popular radio stations in Cambodia. The most popular television channel is CTN.

Billboards are present on many streets in Phnom Penh and are used in provincial capitals as well. Leaflets and mobile loudspeakers are also popular advertising and campaigning techniques, especially among political parties.

Following is a brief listing of major newspapers, and radio and television stations:

Newspapers:

A) Phnom Penh Post (English language)

Post Media Co., Ltd.

Address: 888 Building F, 8th Floor, Phnom Penh Center

Phone: (855) 23-214-311/17 Fax: (855) 23-214-318

Email: newsroom@phnompenhpost.com

Website: www.phnompenhpost.com

B) The Cambodia Daily (English language)

Address: #129, Street 228, Phnom Penh

Phone: (855) 23-426-602/490

Fax: (855) 23-426-573

Email: editor@cambodiadaily.com

C) Cambodge Soir (French language)

Address: 26 CD, Street 302, Phnom Penh

Phone: (855) 23-726-804

Fax: (855) 23-211-424

Email: redaction@cambodgesoir.info

D) Rasmei Kampuchea Daily (Khmer language)

Address: 474, Monivong Blvd., Phnom Penh

Phone: (855) 23-726-655 / 23-224-605

Fax: (855) 23-726-655

Email: rasmei_kampuchea@yahoo.com

E) Koh Santepheap Daily (Khmer language)

Address: 165E0, Street 169, Phnom Penh

Phone: (855) 23-987-119 Fax: (855) 23-220-155

Email: kohsantepheap@camnet.com.kh

Website: www.kohsantepheapdaily.com.kh

F) Kampuchea Thmey Daily (Khmer language)

Address: 805, Kampuchea Krom Blvd., Phnom Penh

Phone: (855) 23-882-990

Fax: (855) 23-882-656

Email: kampucheathmey@gmail.com

Radio Stations:

A) South East Asia Radio & Television

Address: Sleng Roleung Village, Khan Sen Sok, Phnom Penh

Phone: (855) 23-995-106/8

Fax: (855) 23-995-107

B) National Radio of Cambodia FM 96 Mhz

Address: 20, Street Preah Kosamak, Phnom Penh

Mobile: (855) 12-931-429
Phone: (855) 23-725-383
Fax: (855) 23-427-319

C) Radio Station FM 97 Mhz
Address: 69, Street 57, Phnom Penh
Phone: (855) 11-878-431
Fax: (855) 23-214-302

D) Radio Station FM 98 Mhz
Address: 169, Borey Keyla, Phnom Penh
Phone: (855) 23-333-925
Fax: (855) 23-884-245

E) Radio Station FM 99 Mhz
Address: 41, Street 360, Phnom Penh
Mobile: (855) 12-813-699
Phone/fax: (855) 23-212-376

F) Phnom Penh Municipality Radio Station FM 103 Mhz
Address: 2, Russian Federation Blvd., Phnom Penh
Phone: (855) 16-880-461
Fax: (855) 23-360-800

G) Radio Station FM 105 Mhz (Beehive Radio)
Address: 44G, Street 360, Phnom Penh
Mobile: (855) 12-994-939
Phone: (855) 23-210-401
Fax: (855) 23-210-439
Email: sbk@online.com.kh
Website: www.sbk.com.kh/index.htm

H) Radio Station FM 90 Mhz
Phone: (855) 12-891-549

I) Love FM English 97.5 Mhz (English language)
Address: 2, Russian Federation Blvd, Phnom Penh
Phone: (855) 16-880-461
Fax: (855) 23-360-800
Email: lovefm@everyday.com.kh

J) Women's Media Center Radio FM 102 Mhz
Address: 30, Street 488, Phnom Penh
Phone: (855) 23-212-264
Fax: (855) 23-364-882

K) Radio FM 93.5 Mhz
Address: Cheung Ek Village, Cheung Ek Commune, Phnom Penh
Mobile: (855) 92-913-111
Email: fm93.5cambodia@gmail.com

L) Sweet FM Khmer Chinese Radio FM 88 Mhz
Address: #2, Confederation de la Russie, Phnom Penh
Phone: (855) 12-805-459
Fax: (855) 23-360-800
Email: sweetfm88mhz@yahoo.com

M) FM 95 Mhz
Address: Russey Sros Village, Sangkat Niroth, Khan Meanchey, Phnom Penh
Phone: (855) 23-333-795
Fax: (855) 23-983-695

N) ABC Cambodia Radio - FM 107.5 Mhz
Address: #50A, Russian Blvd., Sangkat Teuk Thla, Khan Russey Keo, Phnom Penh
Phone: (855) 23-882-309
Email: abc@abccambodia.com

Television Stations:

A) National TV (TVK) of Cambodia
Address: 62 Monivong Blvd., Phnom Penh
Phone: (855) 23-430-752
Fax: (855) 23-426-407
Email: tvk@camnet.com.kh
Website: www.tvk.gov.kh

B) Military TV 5 Address: 169, Borey Keyla, Phnom Penh
Phone: (855) 23-333-925
Fax: (855) 23-884-245
Email: info@ch5cambodia.com
Website: www.ch5cambodia.com

C) TV9 (Khmer Television 9) Address: 18, Street 562, Phnom Penh
Tel: (855) 23-428-047
Fax: (855) 23-368-212
Email: sales@tv9.com.kh
Website: www.tv9.com.kh

D) Apsara Television Address: 69, Street 57, Corner Street 360, Phnom Penh
Tel: (855) 11-878-431
Fax: (855) 23-214-302
Website: www.apsaratv.fr

E) Phnom Penh Municipality TV-3 Station Address: 2, Russian Federation Blvd., Phnom Penh
Tel: (855) 16-880-461
Fax: (855) 23-360-800
Website: www.tv3.com.kh

F) Bayon TV Address: Phnom Penh
Tel: (855) 12-813-695

Fax: (855) 23-363-795
Website: www.bayontv.com.kh

G) CTN (Cambodian TV Network) and MYTV (Cambodia Youth Channel)
Address: National Road # 2, Khum Prek Ho, Kandal Province
Tel: (855) 12-800-966
Fax: (855) 12-999-421
Website (CTN): www.ctncambodia.com
Website (MYTV): mytv.com.kh

H) South East Asia Radio & Television
Address: Sleng Roleung Village, Khan Sen Sok, Phnom Penh
Phone: (855) 23-995-106/8
Fax: (855) 23-995-107

Pricing

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Most Cambodian consumers are very price sensitive, since roughly 80 percent of Cambodians are rural, and more than 30 percent live in poverty. Over the years, however, the middle class has expanded, yielding a growing class of urban dwellers, particularly in Phnom Penh, that seeks status or quality through imported products and are willing to pay higher prices for branded consumer goods. Evidence of increasing numbers of vehicles, fast food outlets, and shopping facilities suggest the emergence of this new consumer class.

Sales Service/Customer Support

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After-sales service and customer support are new concepts which are important to both current and future sales of products in Cambodia. The limited supply of spare parts for some brands of automobiles has contributed to the failure of those makes to increase market share against brands whose parts are more readily available. The arrival of company certified maintenance facilities for specific product lines, particularly for electronic equipment, indicates that the local market is beginning to evolve away from a “fix it shop” approach to a more formal system of repair.

Depending on the products and services, Cambodian agents, distributors and consumers may expect after-sale services from their U.S. suppliers, including product warranty for a specified period, training, advertising and promotion, and availability of spare parts. Providing after-sales service could be an effective method of boosting sales and winning customer loyalty and contrasts sharply with the preponderance of imports which consumers buy at their own risk.

Protecting Your Intellectual Property

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Several general principles are important for effective management of intellectual property (“IP”) rights in Cambodia. First, it is important to have an overall strategy to

protect your IP. Second, IP is protected differently in Cambodia than in the U.S. Third, rights must be registered and enforced in Cambodia, under local laws. Your U.S. trademark and patent registrations will not protect you in Cambodia.

Registration of patents and trademarks is on a first-in-time, first-in-right basis, so you should consider applying for trademark and patent protection even before selling your products or services in the Cambodian market. It is vital that companies understand that intellectual property is primarily a private right and that the U.S. government generally cannot enforce rights for private individuals in Cambodia. It is the responsibility of the rights holders to register, protect, and enforce their rights where relevant, retaining their own counsel and advisors. Companies may wish to seek advice from local attorneys or IP consultants who are experts in Cambodian law. The U.S. Commercial Service can provide a list of local lawyers upon request.

While the U.S. Government stands ready to assist, there is little we can do if the rights holders have not taken these fundamental steps necessary to securing and enforcing their IP in a timely fashion. Moreover, in many countries, rights holders who delay enforcing their rights in the mistaken belief that the USG can provide a political resolution to a legal problem may find that their rights have been eroded or abrogated due to legal doctrines such as statutes of limitations, laches, estoppel, or unreasonable delay in prosecuting a law suit. In no instance should U.S. Government advice be seen as a substitute for the obligation of a rights holder to promptly pursue its case.

It is always advisable to conduct due diligence on potential partners. Negotiate from the position of your partner and give your partner clear incentives to honor the contract. A good partner is an important ally in protecting IP rights. Consider carefully, however, whether to permit your partner to register your IP rights on your behalf. Doing so may create a risk that your partner will list itself as the IP owner and fail to transfer the rights should the partnership end. Keep an eye on your cost structure and reduce the margins (and the incentive) of would-be bad actors. Projects and sales in Cambodia require constant attention. Work with legal counsel familiar with Cambodian laws to create a solid contract that includes non-compete clauses, and confidentiality/non-disclosure provisions.

It is also recommended that small and medium-size companies understand the importance of working together with trade associations and organizations to support efforts to protect IP and stop counterfeiting. There are a number of these organizations, both Cambodia- and U.S.-based. These include:

- The U.S. Chamber and local American Chambers of Commerce
- National Association of Manufacturers (NAM)
- International Intellectual Property Alliance (IIPA)
- International Trademark Association (INTA)
- The Coalition Against Counterfeiting and Piracy
- International Anti-Counterfeiting Coalition (IACC)
- Pharmaceutical Research and Manufacturers of America (PhRMA)
- Biotechnology Industry Organization (BIO)

IP Resources

A wealth of information on protecting IP is freely available to U.S. rights holders. Some excellent resources for companies regarding intellectual property include the following:

- For information about patent, trademark, or copyright issues -- including enforcement issues in the U.S. and other countries -- call the STOP! Hotline: 1-866-999-HALT or register at www.StopFakes.gov.
- For more information about registering trademarks and patents (both in the U.S. as well as in foreign countries), contact the U.S. Patent and Trademark Office (USPTO) at: 1-800-786-9199.
- For more information about registering for copyright protection in the U.S., contact the U.S. Copyright Office at: 1-202-707-5959.
- For more information about how to evaluate, protect, and enforce intellectual property rights and how these rights may be important for businesses, a free online training program is available at www.stopfakes.gov.
- For U.S. small and medium-size companies, the Department of Commerce offers a "SME IP Advisory Program" available through the American Bar Association that provides one hour of free IP legal advice for companies with concerns in Brazil, China, Egypt, India, and Russia. For details and to register, visit: http://www.abanet.org/intlaw/intlproj/iprprogram_consultation.html
- For information on obtaining and enforcing intellectual property rights and market-specific IP Toolkits visit: www.StopFakes.gov. This site is linked to the USPTO website for registering trademarks and patents (both in the U.S. as well as in foreign countries) and the U.S. Customs and Border Protection website to record registered trademarks and copyrighted works (to assist customs in blocking imports of IP-infringing products) and allows you to register for Webinars on protecting IP.
- The U.S. Commerce Department has positioned IP attachés in key markets around the world. You can get contact information for the IP attaché who covers Cambodia at: http://www.buyusa.gov/thailand/en/contact_us.html

IPR Climate in Cambodia

Cambodia has passed trademark, patent, and copyright legislation. The Ministry of Commerce registers trademarks. The Ministry of Industry, Mines, and Energy registers patents for locally manufactured goods. The Ministry of Culture and Fine Arts controls copyrights for printed material, music, motion pictures, and videos. The Ministry's approval is required for production and sale of movies and videos. Enforcement of existing legislation is still weak, although some action has been taken against attempts to import counterfeit goods or locally-produced fakes. The government has made some effort to combat illegal optical market media, but it has been largely limited to locally produced products. In 2002, Cambodia adopted the Law Concerning Marks, Trade Names and Acts of Unfair Competition in order to implement its TRIPS Agreement obligations. It also maintains an effective trademark registration system, registering more than 350,500,000 trademarks (over 56,599,500 for U.S. companies) under the terms of a 1991 sub-decree, which also has prevented the unauthorized registration of U.S.-owned trademarks. The Cambodian legal system is not pro-active, generally waiting for victims to ask for assistance. In the past, foreign producers have had to ask for, and largely fund, any sustained effort by Cambodian authorities to stop the distribution and sale of bootleg materials. Local producers often complain about the

difficulty of obtaining cooperation from the authorities without paying money. Corruption and a weak judicial system have made enforcing IPR regulations inconsistent at best.

Due Diligence

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It is difficult to understate the importance of sufficient due diligence for the Cambodian market. Cambodia ranked 158 out of 180 countries on Transparency International's 2009 corruption index. There are no publicly held companies in Cambodia, besides the Naga World Casino which is listed in Hong Kong, and transparency throughout the commercial and government sectors is minimal. It is very important to screen potential partners for reliability and trustworthiness, and ensure that all terms of any potential agreement are clearly articulated, including processes for dispute resolution.

Companies can hire international or local lawyers or professional services to assist with due diligence requirements (see list of local professional services).

Local Professional Services

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BNG – Advocates & Solicitors

Contact person: Mr. Hem Naryth
Address: #84, Street 217, Phnom Penh
Tel: (855) 23 217 510
Fax: (855) 23 212 840
Email: hhn@bngkh.net
Website: www.bngkh.net

DFDL

Contact person: Mr. Martin DeSautels
Address: #45, Preah Suramarit Blvd., Phnom Penh
Mobile: (855) 12 815 274
Tel: (855) 23 210 400
Fax: (855) 23 428 227
Email: cambodia@dfdlmekong.com
Website: www.dfdlmekong.com

KPMG Cambodia Limited

Contact person: David King, Director
2, Street 208, Sangkat Boeung Prolit, Phnom Penh
Tel: (855) 23 216 899 Fax: (855) 23 216 405
Email: davidking@kpmg.com.kh
Website: www.kpmg.com

Morrison Kak and Associates

Contact person: Mr. Key Kak
#25, Street 360, Sangkat Boeung Keng, Kang, Phnom Penh
Tel: (855) 16 884 887

Fax: (855) 23 218 993
Email: mka.audit@morrisonkak.com
Website: <http://www.morisonkak.com>

PriceWaterhouseCoopers

Contact person: Mr. Senaka Fernando
#124, Norodom Blvd., Phnom Penh
Tel: (855) 23 218 086
Fax: (855) 23 211 594
Email: senaka.fernando@kh.pwc.com
Website: www.pwc.com/cambodia

Sarin & Associates

Contact Person: Mr. Denora Sarin
Address: #45, Street 355, Phnom Penh
Tel: (855) 12 828 007
Fax: (855) 23 882 943
Email: sarin-associates@camnet.com.kh

Sciaroni and Associates (Legal Advisors)

56, Samdech Sothearos Blvd, Phnom Penh
Tel: (855) 23 210 225
Fax: (855) 23 213 089
Contact: Mr. Bretton Sciaroni
Email: info@sa-cambodia.com
Website: www.sa-cambodia.com

Web Resources

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NOTE: This section lists helpful websites not otherwise found in other sections of the Cambodia Country Commercial Guide.

World Bank-International Finance Corporation Doing Business in Cambodia 2010

Website: www.doingbusiness.org/exploreconomies/?economyid+33

Phnom Penh Hotel Association (PPHA)

Website: www.phnompenh-hotels.org

Cambodian Postal Service

Email: mptc@cambodia.gov.kh
Website: www.mptc.gov.kh

Cambodian Telephone Service

Telecom Cambodia
Email: customer-td-mptc@camnet.com.kh
Website: www.tc.com.kh

Cambodian Yellow Pages

Email: yp@interquess.com

Website: www.yp.com.kh

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Chapter 4: Leading Sectors for U.S. Export and Investment

Tourism Infrastructure and Resorts

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The tourism industry in Cambodia has matured steadily over the past few years due to political and economic stability with the number of foreign arrivals exceeding two million in 2009 despite the effects of the global economic slowdown on the overall macro economy. The majority of tourists are attracted to the historical/cultural complex of Angkor Wat and an increasing number to the pristine beach at the southern town of Sihanoukville. Earnings from the sector are estimated at more than \$1.5 billion annually or about 10 percent of the total GDP.

Best Prospects/Services

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The government expects tourist numbers to continue increasing as it opens up new attractions in different parts of Cambodia. The airport in the southern beach town of Sihanoukville was recently expanded and upgraded to accommodate large aircraft, and the government has approved many resort development projects by international and local developers for local islands, the southern coastline, and mountain properties. The government is also looking to open up the country's ample forested areas to ecotourism which include natural resources such as mountains, rivers, lakes, waterfalls, and rare species such as the Mekong dolphin.

Opportunities

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Collectively, these developments will likely broaden significantly the potential experiences for tourists and present very good market opportunities for American companies in developing resorts, tourist attractions, or supplying tourism-related products or infrastructure.

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Ministry of Tourism: www.mot.gov.kh

Education

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Demand for education services is very high, as the majority of the population is still school-age, and many Cambodians recognize the importance of education in securing better opportunities. Ever since the Khmer Rouge regime eliminated the intellectual classes in Cambodia from 1975 - 1979, the country has been struggling to redevelop its human resources. To this day, the country remains woefully short of well-educated people to develop the sciences, professions, and vocations. A common complaint among local companies is difficulty in finding well-qualified employees, particularly for technical positions. Well educated and trained individuals are increasingly required as Cambodia's economy grows and diversifies.

Best Prospects/Services

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Both formal and vocational training is still lacking in quality. Local schools have mushroomed in response to the enormous demand for all types of education, however overall quality remains relatively low, with some exceptions. NGOs provide a great deal of useful vocational training for underprivileged Cambodians to join the work force, but professional vocational training targeted at mid-level workers is particularly underdeveloped. Cambodians are eager to learn, and U.S.-sourced education is very highly regarded in all fields.

Opportunities

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Significant commercial opportunities exist in vocational, specialized, pre-school, elementary, secondary, and post-secondary education resources.

Resources

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Ministry of Education, Youth, and Sport, www.moeys.gov.kh

Architecture, Construction, and Engineering Services

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After over 25 years of war, Cambodia is reconstructing its devastated infrastructure, principally with assistance from international donors. Given the extent of the collapse of infrastructure elements such as the road network, construction and engineering services will be in great demand for the foreseeable future. Public works and transportation are a high priority for the Cambodian government and donors alike. In addition to infrastructure construction, Cambodia has witnessed a major boom in residential and commercial construction over the last few years. Several large residential, office, and commercial development projects have been approved including several skyscrapers, shopping malls, and suburban commercial-residential developments. However, due to the global economic slowdown, a number of these projects have been put on hold and are unlikely to proceed as quickly as originally planned.

Best Prospects/Services

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The Japanese government, World Bank, Asian Development Bank, and recently the Chinese government are especially active in road construction in Cambodia. The Cambodian government has also offered Build-Operate-Transfer (BOT) concessions to several companies to rehabilitate portions of Cambodia's badly degraded national highway system. Cambodia is also eager to upgrade its provincial airports. Because there is no money in the national budget to perform these activities, Cambodia has offered BOT concessions for the provincial airports as well. The government has shown a willingness to grant rights of operation and maintenance of already paved roads to private sector companies due to a shortage of public funding. A local company, AZ distribution, has been awarded a contract by the government to maintain and operate the U.S.-built National Route 4. Several special economic zones (SEZ) located near the borders of Thailand and Vietnam as well in Phnom Penh, Sihanoukville, and Kampot are being developed to provide a one-stop shop for production and export. The SEZs approved by the Council for the Development of Cambodia and developed by private companies present numerous opportunities for development of power, water, and road infrastructure within the zones. The main sources of foreign expertise and construction materials for large commercial and residential projects are currently from Korea, Thailand, Vietnam, and China, but high quality American materials and fixtures enjoy a market with Cambodia's urban elite and foreign residents.

Opportunities

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Prospects exist in road, commercial, and residential construction working with international donors or private companies. There is also a growing market for engineering service providers.

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World Bank: www.worldbank.org/kh

Asian Development Bank: www.adb.org/cambodia

Ministry of Public Works and Transport: www.mpwt.gov.kh

Council for the Development of Cambodia: www.cambodiainvestment.gov.kh

Household Goods and Appliances

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Cambodia's economy rapidly grew over the past decade, averaging near double digit growth, and new wealthy and middle classes have emerged. Although few, but increasing in number, Cambodia's urban elite are willing to pay for quality. Cambodia's emerging middle class also increasingly demands higher levels of comfort and convenience. Anecdotal evidence from shopping mall outlets indicates a growing demand for new and innovative devices to increase the quality of life for Cambodians.

Best Prospects/Services

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Numerous American food and consumer products, from condiments to cleansers, are available in Phnom Penh's expanding number of supermarkets. U.S. appliances such as refrigerators and washing machines are sold. They sell well against the poor-quality goods now sold in Cambodia, but they still have not achieved a large market share. There is also potential for items such as domestic water purification equipment, for example.

Because of Cambodia's tropical climate, there is significant demand for air conditioning equipment, and several U.S. brands are available in Cambodian markets. The most popular models are split units with remote control features. Very few buildings have central air conditioning, but there is a market for industrial scale equipment in Cambodia's garment and footwear industries. High electricity and fuel costs mean that energy efficiency is a strong selling point for any type of appliance in Cambodia.

Opportunities

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Domestic water purification equipment, refrigerators, washing machines, air conditioning equipment, and energy-efficient household appliances are all in demand.

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Lucky Market Group: www.luckymarketgroup.com
Shopping Center Sorya Ltd.: www.shoppingcentersorya.com
Sovanna Shopping Center: www.sovannashoppingcenter.com

Agribusiness and Food Processing

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With a low population density and abundant arable land, the conventional wisdom is that Cambodia's comparative advantage is in the agricultural sector. Cambodia has approximately 2 million hectares of unforested, uncultivated land which is arable if provided with irrigation. Roughly 80 percent of Cambodia's population is engaged in agriculture. As a matter of policy, the Cambodian government encourages investment in agriculture, diversification of agricultural products, and investment in improved irrigation and water control, but the government lacks funds to promote such activities on a large scale. Most of the demand for water pumps, well-drilling machines, tractors, tilling equipment, rice milling, drying, and packaging equipment, fertilizers, insecticides, and seed currently comes from NGOs and private agribusiness investors.

Best Prospects/Services

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There is significant potential to expand the production and processing of high yield varieties of rice, corn, and other crops, and several investment projects in oil palm, tapioca, rubber, cotton, corn, and cashew plantations are underway.

Opportunities

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Higher quality seeds, fertilizers, and other agricultural inputs and equipment would greatly benefit the agriculture sector which currently relies on outdated methods of farming.

The presence of an increasing number of plantations also creates growing opportunities for the establishment of processing plants to add value to basic products for export and domestic consumption. Relatively high operating costs, including electricity, however, limit opportunities for establishment of processing plants. The special economic zones (SEZ), with efficient and accessible supplies of electricity, labor force, and government services, being established near Phnom Penh, Sihanoukville, and the borders of Thailand and Vietnam are providing more attractive sites to establish processing plants in the future.

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Ministry of Agriculture, Forestry, and Fisheries: www.maff.gov.kh

Ministry of Industry, Mines, and Energy: www.mime.gov.kh

Council for the Development of Cambodia: www.cambodiainvestment.com

Used Car and Automotive Parts

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Cambodia has no municipal public transportation. The majority of people travel via motorbike or car. With Cambodia's growing prosperity, automobile ownership is rapidly increasing. The vast majority of cars are imported second-hand vehicles. The most popular models are 4-wheel drive vehicles and mid-sized Japanese sedans; the latter are usually U.S.-made models. All car imports must be left-hand drive.

The actual size of the automobile market is difficult to estimate due the routine occurrence of smuggling. However a local company estimates Cambodian demand as 2,500 new vehicles and 40,000 used vehicles per year. The U.S. appears to be the largest supplier of used vehicles. U.S. export of new and used passenger cars to Cambodia accounted for some \$114 million in 2008.

A number of companies sell used and new cars in Phnom Penh. Ford has a local dealership, and the market also supports Chevrolet, Mercedes, Ssanyong, Nissan, and

Peugeot dealers as well as representatives of all major Japanese companies such as Toyota, Nissan, and Mitsubishi.

Best Products/Services

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Automobile parts and accessories from the U.S. are available in Cambodian markets, particularly for Toyota, Ford, and General Motors vehicles. Limited availability of parts for other companies' models has led customers to choose Toyotas because parts are available and affordable. As with other products, U.S. auto parts have a reputation for quality and attract a higher price than parts produced in Thailand, Taiwan, or other Asian countries.

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Further opportunities exist in used cars, accessories, and spare parts.

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Ministry of Public Works and Transport: www.mpwt.gov.kh

Power Generation Equipment

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Cambodia's public utilities are unreliable, expensive, and cover only the major cities. Cambodian electricity is among the most expensive in the region as approximately 90 percent is generated using imported fuel oil. Power in provincial cities is priced even higher than the \$0.19 per kilowatt-hour in Phnom Penh. As only roughly 20 percent of Cambodians are connected to the electricity grid, in rural areas, the only source of electricity is often an automobile battery charged by an entrepreneur with a small portable generator.

Best Products/Services

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There is tremendous demand in Cambodia for diesel generators as backup power, on-site power plants, and for power generation in rural areas not served by public utilities. Sources from Electricite du Cambodge state that capacity output in Phnom Penh was only 1,271 GWh in 2008 and is projected to grow to 16,244 GWh in 2024. At present, only 20 percent of households have access to electricity. The annual energy consumption per capita is 103 KWh. Currently, there are 22 small isolated power systems.

The Ministry of Industry, Mines, and Energy has prepared a detailed energy development plan involving the proposed construction of several hydropower and

thermal power plants, as well as several regional power transmission grids. As with other types of infrastructure development, the government does not have funding for all of these proposed facilities, but U.S. suppliers should check World Bank and ADB web sites regularly for potential new projects in the energy sector. The Cambodian government has stated that it is amenable to private ownership and private financing of power plants, and that it is seeking \$3 billion in investment over the next 10 years. Some build-operate-transfer (BOT) hydropower deals have already been concluded.

Opportunities

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Opportunities exist for power generation and transmission equipment in cooperation with international donors or private companies.

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World Bank: www.worldbank.org/kh

Asian Development Bank: www.adb.org/cambodia

Ministry of Industry, Mines, and Energy: www.mime.gov.kh

Electricite du Cambodge: www.edc.com.kh

Fast Food and Beverage Franchises

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Most of the best-known fast food and beverage franchises are absent from Cambodia; however, it appears that franchises are slowly beginning to arrive. Despite Cambodia's poverty, there may be a sufficiently large urban middle class to support such businesses. The few local enterprises emulating U.S.-style fast food restaurants are popular and busy. In 2005, Thailand's The Pizza Company was the first international-standard pizza business in Cambodia, and the company has done well and is expanding. In November 2008, Swensen's opened its first ice cream outlet, which remains popular, and is expanding nationally. In April 2008, KFC was the first American fast food brand to enter Cambodia, and the company has plans to expand rapidly throughout the country. The country's first Pizza Hut franchise is expected to open in 2010.

Best Products/Services

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The major American soft-drink companies have bottling plants in Phnom Penh. Cambodia's air and land links to Thailand and Vietnam make it easy for local restaurants to secure adequate supplies of fresh ingredients which meet western standards, and the government offers generous investment incentives in the agricultural sector, which would potentially be available to any franchise interested in local production.

Opportunities

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Significant opportunities exist in the range of fast food/drink options from hamburgers to coffee shops to mid-range restaurant franchise chains.

Resources

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The Pizza Company: www.pizza.co.th
KFC: www.kfc.com
Swensen's: www.swensensicecream.com
Lucky Market Group: www.luckymarketgroup.com

Pharmaceuticals, Medical Supplies and Medical Equipment

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Due to years of war and civil conflict, the health system in Cambodia remains relatively primitive, but is improving as the country modernizes. While the population remains overwhelmingly young, an estimated \$100 million of specialized medicines is consumed annually in Cambodia, the vast majority of which is imported. Only companies licensed by the Ministry of Health may import drugs, medical supplies, or medical equipment. Approximately 4,000 pharmacies exist in Cambodia, about 50 percent of which are officially registered. In addition to the formal market, there is a large parallel market of smuggled (and often counterfeit) pharmaceuticals.

Best Products/Services

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The Ministry of Health is the single largest purchaser of drugs, medical supplies, and medical equipment, but the proportion of health care provided by the private sector is increasing. A number of new private hospitals and clinics have opened in the past few years, and more are expected in the future, offering potential opportunities for sales of medical supplies and medical equipment.

Opportunities

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Since U.S.-made drugs and medical equipment are well perceived here, there is great potential for increasing the market share. Local major pharmaceutical importers are eager to import U.S.-made products, and Cambodian consumers are keen to receive high-quality options presented by American medical equipment.

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Ministry of Health: www.moh.gov.kh
Royal Rattanak Hospital: www.royalrattanakhospital.com

Banking

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The banking sector has experienced significant growth recently as Cambodia's economy has boomed. Banking activity in Cambodia is gradually improving (bank lending to the private sector is roughly 27 percent of GDP) and public confidence in local banks is improving, albeit still low. Cambodia's banking sector is relatively small but is rapidly expanding, with 27 commercial banks (a net increase of 12 in the last two years), 6 specialized banks and 20 licensed Microfinance Institutions (MFIs). The banking sector has shown significant improvement, but requires continued progress to gain international confidence. With increased political stability in Cambodia after decades of war and instability, bank deposits rose on average by approximately 41.6% per year from 2004 to 2007. In 2009, deposits rose 32.7% compared to 2008.

Total assets of Cambodia's banking system as of December 2009 were approximately \$5 billion, an increase of nearly 20.5% if compared to 2008. Loans account for about 56% of the banking system's assets, and credit granted by the commercial banks amounted to \$2.2 billion. Loans made to services and the wholesale and retail sectors accounted for over 50% of total loans. In 2009, private credit accounted for \$2.49 billion. As of December, 2009, the outstanding loans for Cambodian microfinance institutions were \$300 million to slightly less than 900,000 borrowers, with a collective savings balance of \$9 million.

Best Products/Services

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Some relatively strong domestic banks are likely to seek foreign partners who can bring capital and expertise to their operations, as the National Bank of Cambodia recently tripled minimum capital requirements from \$12.5 million to \$37.5 million by 2010. In 2005, Australia's ANZ Bank partnered with a local Cambodian company to create ANZ Royal Bank which has become one of the biggest banks in Cambodia in only a few years of operation. Malaysian, Thai, Korean, and Japanese banks have also entered the banking sector in recent years, as well as one Taiwanese bank.

Opportunities

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In the future, there may be limited opportunities for U.S. commercial banks to operate in Cambodia, as there is currently no significant U.S. presence in the industry. Beyond commercial banking, as an LDC, Cambodia also presents notable opportunities in microfinance. There is a small but growing market for retail credit, which a few of the local bank networks could support. There is also a market for money transfer services in Cambodia to meet the needs of foreign investors, expatriates, and Cambodian families receiving remittances from abroad. In 2007, private transfers amounted to \$381 million.

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National Bank of Cambodia: www.nbc.gov.kh

ANZ Royal Bank: www.anzroyal.com

Aceda Bank: www.acledabank.com.kh

Western Union: www.westernunion.com

Chapter 5: Trade Regulations and Standards

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Import Tariffs

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Importers have to pay three types of duties and taxes before the imports are released: customs import duties with an ad-valorem rate, special tax for certain goods, and value added tax (VAT). All imports are subject to a 10% flat rate of VAT. Under the ASEAN Free Trade Area (AFTA), Cambodia has specific commitments and obligations to reduce and eliminate tariffs on imports from ASEAN member countries by 2018. The new ASEAN tariff lines are rescheduled between 0% - 5% effective from 2010, 0% starting in 2015 with some sensitive items retaining a 5% duty until 2018, and 0% by 2018 for all tariff lines. The rates depend on the types of imports. Customs duties have been reduced from a twelve- to a four-band system, with rates ranging from 0 to 35 %, as follows:

- There are certain goods which government policy exempts from duty. (See below)
- Raw materials and primary products carry a tariff of 7% percent.
- Capital goods, machinery, and equipment carry tariffs of 15%.
- Finished products, alcohol, petroleum products, vehicles, and precious metals and stones carry a tariff of 35%.

The following items are exempt from import duties: agricultural equipment and inputs, school materials and equipment, pharmaceutical products, and sporting goods; however, importers of these products must pay a 10% VAT, except for agricultural equipment and inputs which are subject to 0% VAT. Duties are not levied on exports, except for the following restricted products: natural rubber, unprocessed or uncut precious stones, processed wood, and fish, crustaceans, mollusks, and other aquatic products. In May 2008, the government declared a reduction of certain existing customs tariffs to 0% and placed VAT obligation on the government as an incentive to promote investment and trade in the agricultural sector. Goods receiving this tariff reduction and VAT exemption include agricultural equipment and inputs, such as tractors, machines, seeds, animal feeds, physical chemical substances to make fertilizers, and agriculture-related raw materials.

The complete listings of tariff rates can be found in Cambodia's Customs Tariff Nomenclatures 2010, available for purchase at the General Department of Customs and Excise. Cambodia has not yet completed its implementation of the WTO Customs Valuation Agreement (WTO CVA). A new Law on Customs, based on the Kyoto Convention on the Simplification and Harmonization of Customs Procedures, was promulgated in July 2007.

General Department of Customs and Excise website: www.customs.gov.kh

Trade Barriers

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Cambodia has increased trade with the region and the world since its critical economic reforms and accession to ASEAN in 1999 and the WTO in 2004. The Cambodian government has taken measures to reduce technical and non-technical trade barriers. Since its admission to the WTO, Cambodia has been working on trade and trade-related laws and regulations to comply with the WTO principles. The Cambodian government has so far eliminated most non-tariff barriers to trade. In 2006, a U.S.-Cambodia Bilateral Trade and Investment Framework Agreement (TIFA) was signed, and several rounds of discussions have been held to promote trade and investment between the two countries, to help monitor and support Cambodia's efforts to implement its WTO commitments, and to address bilateral trade issues and coordinate on regional and multilateral issues. In 2009, Cambodia declared the elimination of import duties and non-trade barriers on Information and Communication Technology (ICT) goods from ASEAN, effective from 2010. Cambodia will benefit from the removal of numerous tariff lines by 2015 under the ASEAN-China Trade Agreement.

Cambodia discontinued its service contract with BIVAC International of Bureau Veritas Group for Pre-shipment Inspection (PSI) in mid-2009. The Ministry of Economy and Finance in February 2009 issued a Prakas on Establishment and Functioning of Transaction Value Management Unit (TVMU) under the General Department of Customs and Excise (GDCE). This unit develops national customs valuation policies, implements valuation regulations, provides rulings at the private sector's request, and conducts research on transaction values of imports. Importers and exporters are advised to contact the Cambodian Customs on customs valuation, valuation procedures and regulations. Under the newly established Customs-Private Sector Partnership Mechanism, the TVMU works closely with the private sector to solve issues related to customs valuation based on the PSI value database, market research, and accounting records of well-established compliance.

For WTO compliance, the Cambodian Customs decentralizes customs valuation allowing Customs Valuation Officers (CVOs) at the front-line customs stations to evaluate and verify transaction value. If the reported transaction value of imports are 20% or lower than the standard PSI database values and if importers have sufficient proof to present to the CVOs, CVOs will release the goods. If the reported transaction value of imports are over 20% of the standard PSI database values, importers are required to deposit the difference with the CVOs in order to secure the goods' release. The importer can file a request to the GDCE to reclaim the deposits. Cambodia still does not comply with the WTO CVA on three categories of goods: (i) Vehicles, (ii) Petroleum Products, and (iii) Used Items and Alcohol. Since 2005, the valuation of certain imported items, such as construction steel, floor tiles, cements, cigarettes, and

food stuffs, have been decentralized to local customs offices. There is no restriction on the values of shipments or on the types of these goods.

Import Requirements and Documentation

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As part of its WTO accession, Cambodia adopted a new Customs Law in June 2007 to bring the country into conformity with the terms of GATT/WTO Codes on Customs Valuation. The Cambodian government has been making efforts to modernize and harmonize its customs administration. Cambodian customs requires importers and exporters to lodge declarations accompanied by such documents as a bill of lading/airway bill, packing list, or invoice and insurance, inspector report of finding, if applicable, and other documents as well if required. Lodgment fee for imports and exports is \$40. Transportation and inspection lead time for both imports and exports have recently been reduced. The government has encouraged the use of single administrative document (SAD) system and one-stop service mechanism to facilitate trade and risk management. Under the one-stop-service mechanism, there is only one inspection by the inter-ministerial joint body and customs operation procedures are reduced and made more facilitative, reducing bureaucracy and paperwork to serve investors. By the end of 2009, the Cambodian Customs had launched the Automatic System for Customs Data (ASYCUDA) operations at the Sihanoukville Autonomous Port, Phnom Penh International Airport, Phnom Penh Dry Port, and Exports Office and Excise Department, to facilitate customs procedures as part of one-stop service implementation. Other administrative one-stop service is still limited to the currently operating Special Economic Zones (SEZs). ASYCUDA is not yet available at the SEZs nor is it available at land border crossings. For details on the import and export clearance procedures, please visit the General Department of Customs and Excise's website: www.customs.gov.kh

U.S. Export Controls

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For information on the latest U.S. export and re-export regulations, please visit the following website: www.bis.doc.gov.

Temporary Entry

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A certain number of goods may be temporarily imported. These commodities need to be re-exported within certain periods as specified by the Cambodian Customs Law. The commodities can be granted partial or full exemption from payment of import duties and taxes, but importers should contact the Customs Administration to ensure re-exportation within the specified period. The Customs Administration may require the importers to pay a security deposit to guarantee import taxes and duties, which is not to exceed the amount of taxes and duties of taxed imports.

Additional details on temporary entry can be found at the General Department of Customs and Excise's website: www.customs.gov.kh/temp_admission.html

Labeling and Marking Requirements

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Labels or marks are not mandatory for all imports. However, all regulated products must have a label or mark issued by the Industrial Standards Department and these products must be registered. The Institute of Standards of Cambodia (ISC) is charged with issuing the label or the mark and the certificate.

Each ministry has their own regulated products. Mandatory standards required by ISC include electrical and electronic products, for example. The ISC is charged with drafting and issuing regulations, while CamControl of the Ministry of Commerce is charged with registration of regulated products.

More information on labeling and marking requirements can be found at the ISC website, at: www.isc.gov.kh

Prohibited and Restricted Imports

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Cambodia currently prohibits the commercial importation of the following products: narcotics, psychotropic substances and their precursors, toxic waste and poisonous chemicals and substances, and certain pesticides. Government regulations also prohibit the importation of used computers and spare parts, household waste (discarded from dwellings, public buildings, factories, markets, hotels, business buildings, restaurants, transport facilities, recreation sites, etc.) and hazardous waste (for example PCB waste from discarded air conditioners). To curb the spread of bird flu, Cambodia created and implemented more stringent quality control and inspection of poultry imports. Certain imports are subject to quantitative restrictions and importers of these products are required to seek approval from relevant government agencies. Import permission or license is required from relevant government agencies depending on the nature and type of the import commodity. Import licenses are required for firearms and pharmaceuticals. Firearm import licenses can be obtained from the Ministry of Interior, while pharmaceutical licenses can be obtained from the Ministry of Health. There are other special requirements, such as: food and pharmaceuticals must have a 50 percent minimum remaining shelf life at the time of inspection, and pharmaceuticals must have a minimum 18 months remaining shelf life.

- Ministry of Interior: www.interior.gov.kh
- National Laboratory for Drug Quality Control, Ministry of Health: www.moh.gov.kh

Customs Regulations and Contact Information

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The government adopted a new Customs Law and issued an implementing sub-decree on the promulgation of lists of prohibited and restricted goods in 2007. Further details on customs regulations can be found at: General Department of Customs and Excise, #6-8, Norodom Blvd., Phnom Penh Tel & Fax: (855) 23 214 065
Email: customs@camnet.com.kh or info@customs.gov.kh
Website: www.customs.gov.kh/

Standards

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Cambodia has a body of law governing standards for imports and exports. The sub-decree on Industrial Standards, passed in 2001, provides the basis for rules and procedures for developing new standards, technical regulations, and conformity assessment procedures. Cambodia adopted the Law on Standards of Cambodia in 2007 with the stated goals to improve the quality of products, services and management; raise and rationalize production efficiency; ensure fair and simplified trade; rationalize product use; and to enhance consumer protection and public welfare. Several government bodies and agencies share oversight and control over these standards.

Standards Organizations

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The Department of Industrial Standards of Cambodia was elevated to the Institute of Standards of Cambodia (ISC) in June 2008 and was officially established in January 2009. ISC has a mandate to draft laws and regulations, conduct production surveillance, provide supervision and technical support, provide training and consultancy to help companies register and certify their products, to disseminate technical regulations, and to develop national standards for products and management. The Ministry of Industry, Mines, and Energy is developing a new product certification scheme conforming to the requirement of ISO/IEC Guide 65 and on the establishment of standards and other technical measures based on international standards, conformity, guidelines, and recommendations. The Ministry of Health is charged with prescribing standards, quality control, distribution, and labeling requirements for pharmaceuticals, medical equipment, and cosmetics. The Ministry of Agriculture, Forestry and Fisheries is responsible for agricultural products. The National Standards Council (NSC), established in 2009, is chaired by the Minister of Industry, Mines and Energy, with representatives from relevant technical line ministries, such as Ministry of Agriculture, Forestry and Fisheries and Ministry of Health. The NSC is the national secretariat which oversees, regulates, verifies, and adopts or certifies standards proposed by each technical ministry. The mandate of the NSC is to ensure quality and standard conformity with national and international standards.

□ Institute of Standards of Cambodia (of Ministry of Industry, Mines, and Energy)
Website: www.isc.gov.kh

NIST Notify U.S. Service

Member countries of the World Trade Organization (WTO) are required under the Agreement on Technical Barriers to Trade (TBT Agreement) to report to the WTO all proposed technical regulations that could affect trade with other Member countries.

Notify U.S. is a free, web-based e-mail subscription service that offers an opportunity to review and comment on proposed foreign technical regulations that can affect your

access to international markets. Register online at Internet URL:
<http://www.nist.gov/notifyus/>

Conformity Assessment

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The ISC develops national standards, performs conformity assessment, inspects and controls the quality of laboratories, and certifies product and service standards and compliance for locally consumed goods and export goods. It helps rectify minor errors in standards compliance. The Ministry of Health and Ministry of Agriculture, Forestry, and Fisheries are each responsible for implementing their own regulations on standards, safety, and quality of respective imports, exports, and locally consumed goods. On the whole, the ISC has a mandate to supervise and provide technical support to the line ministries to help these ministries develop their standards to conform to national standards. The ISC also tests for compliance with mandatory Cambodian standards and conducts conformity assessment and production surveillance, and monitors and verifies the compliance of the technical regulations by each respective ministry/agency. Other services provided include education, training, consultancy, and dissemination of technical information on standards and quality.

Product Certification

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The responsibility for establishing industrial standards and certifications resides with the ISC. Not all imports require a certificate or license. Importers of regulated products, however, must request a certificate or a license before importing. To date, the ISC has not suspended, withdrawn, or revoked any product certificate or license.

Accreditation

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The ISC is responsible for accreditation. However, the ISC currently does not provide any accreditation services due to limited capacity and resources.

Publication of Technical Regulations

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Law, rules, and regulations on Standards of Cambodia were published and made available after their adoption in 2007. Most rules and regulations concerning standards are available at the ISC homepage. Hard copies of the law, rules and regulations are published in the Royal Gazette by the General Directorate of Royal Gazettes and Computer Services of the Council of Ministers.

- Institute of Standards of Cambodia of Ministry of Industry, Mines, and Energy
www.isc.gov.kh
- General Directorate of Royal Gazettes and Computer Services, Office of the Council of Ministers: www.pressocm.gov.kh

Labeling and Marking

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For information on standards related to this issue, see “Labeling and Marking Requirements” earlier in Chapter 5: Trade Regulations and Standards.

Contacts

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Further information can be obtained from the website of the Institute of Standards of Cambodia at www.isc.gov.kh

The U.S. Embassy point of contact on standards-related issues is Economic and Commercial Assistant Succes Mao: (855) 23728137, MaoS1@state.gov

Trade Agreements

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Cambodia joined the International Organization for Standardization (ISO) in 1995 and is also a member of the ASEAN Consultative Committee on Standards and Quality (ACCSQ). Cambodia ratified the ASEAN Framework Agreement on Mutual Recognition Arrangements. It has also signed numerous trade agreements, including the U.S.-Cambodia Trade and Investment Framework Agreement (TIFA) in 2006, and several rounds of discussion have been held since to promote greater trade and investment between the two countries and to help monitor and support Cambodia’s efforts to implement its WTO commitments. The TIFA also provides a forum to address bilateral trade issues and allows us to coordinate on regional and multilateral issues. Additional information on trade agreements can be found at:

- Bilateral Trade Department of Ministry of Commerce
Website: www.moc.gov.kh
- Cambodian Investment Board of the Council for the Development of Cambodia
Website: www.cambodiainvestment.gov.kh

Web Resources

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- Institute of Standards of Cambodia of Ministry of Industry, Mines and Energy
www.isc.gov.kh
- General Directorate of Royal Gazettes and Computer Services, Office of the Council of Ministers www.pressocm.gov.kh
- General Department of Customs and Excise
www.customs.gov.kh
- Ministry of Interior
www.interior.gov.kh

□ National Laboratory for Drug Quality Control, Ministry of Health
www.moh.gov.kh

□ Bilateral Trade Department of Ministry of Commerce
www.moc.gov.kh

□ Cambodian Investment Board of the Council for the Development of Cambodia
www.cambodiainvestment.gov.kh

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Chapter 6: Investment Climate

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Openness to Foreign Investment

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Cambodia, a developing country, began the transformation from a command economy to the free market in the late 1980s. It is now integrating into the regional and world trading framework. In 1999, Cambodia joined the Association of Southeast Asian Nations (ASEAN) and in September 2004, became a member of the World Trade Organization (WTO). On December 15, 2008 the entry into force of the ASEAN Charter brought Cambodia and other member states into a new regional legal framework. Cambodia has shown interest in participating in other international trading arrangements, including the Asia-Pacific Economic Cooperation forum (APEC).

As part of its WTO commitments to strengthen the investment climate for both foreign and domestic businesses, Cambodia committed to enact 47 laws or regulations to address areas where existing law did not meet WTO requirements. Cambodia has been behind schedule in fulfilling its WTO commitments to pass necessary business legislation concerning the general business environment, trade in goods, trade in services, and the protection of intellectual property rights. However, the country has made progress recently, passing several significant laws in 2008, including a Law on Plant Breeder Rights and Law on Civil Aviation, and in 2009, the government promulgated a Law on Tourism, a Law on Insolvency, and a sub-decree establishing a national commercial arbitration body. The government has either completed drafts of most of the remaining required laws or is waiting for their approval by the legislature.

Since the re-establishment of a constitutional monarchy in 1993, the economy has grown steadily. From 2004 to 2008, the economy grew at an average of approximately 10 percent per year, driven largely by an expansion in the garment, construction,

agriculture, and tourism sectors. In 2005, exploitable oil and natural gas deposits were found beneath Cambodia's territorial waters, representing a new revenue stream for the government if commercial extraction begins. Mining also is attracting significant investor interest, particularly in the northern parts of the country. However, the global economic crisis has adversely affected the economy's key pillars and economic growth was expected to contract in 2009.

Inflation decreased from its sharp rise in 2008, which peaked at 25.7 percent in May 2008 driven largely by the global surge in oil and food prices. Because the economy is heavily dollarized, a depreciation of the Cambodian riel and the U.S. dollar against trading partner currencies contributed to imported inflation, while rising domestic demand contributed to domestically generated pressures. However, these pressures lessened in 2009 and Cambodia recorded an average inflation rate of an estimated 4.5 percent and a 7.5 percent year-on-year inflation rate.

Foreign Direct Investment (FDI) approved by the Council for the Development of Cambodia (CDC), Cambodia's investment approval body, has dramatically increased in recent years, with approved proposals peaking at nearly USD 11 billion in 2008, compared with USD 201 million in 2004. However, figures for the first 10 months of 2009 reveal that investment has slowed significantly to only USD 1.6 billion, an 82 percent decrease compared to total investments in 2008. The CDC does not have a functional mechanism to monitor implementation of projects, so it is not clear how many proposed projects are fully implemented. Corruption has been singled out as one of the most serious deterrents to private investment.

Since early 1999, the Cambodian government has intensified its economic reform program, a process the international financial institutions and donors encourage, participate in, and monitor closely. In recent years the government has publicly committed itself on numerous occasions to fighting corruption, pursuing good governance, and increasing transparency and predictability. This strategy is set out in phase II of the government's latest public reform effort called the "Rectangular Strategy for Growth, Employment, Equity, and Efficiency."

The government has initiated specific measures to promote business, especially small and medium-sized businesses, by reducing costs and the time required for business registration and by establishing a number of committees for business promotion and trade facilitation.

Cambodia officially welcomes foreign direct investment. Cambodia's 1994 Law on Investment established an open and liberal foreign investment regime. All sectors of the economy are open to foreign investment and 100 percent foreign ownership is permitted in most sectors. Article 44 of the Constitution provides that only Cambodian citizens and legal entities have the right to own land. However, a new law allowing foreign ownership of properties located above the ground floor is expected to be passed in 2010. Aside from this, there is little or no discrimination against foreign investors either at the time of initial investment or after investment. However, some foreign businesses have reported that they are at a disadvantage vis-a-vis Cambodian or other foreign rivals, who engage in acts of corruption or tax evasion, or take advantage of Cambodia's poor enforcement of legal regulations.

In addition, there are a few sectors open to foreign investors which are subject to conditions, local equity participation, or prior authorization from relevant authorities. These sectors include manufacture of cigarettes, movie production, rice milling, exploitation of gemstones, publishing and printing, radio and television, manufacturing wood and stone carvings, and silk weaving. The government has issued a sub-decree restricting foreign ownership of hospitals and clinics and forbidding the employment of non-Cambodian doctors in any specialty in which the Ministry of Health considers there to be an adequate number of Cambodian practitioners.

Under a sub-decree dated September 2005, Cambodia prohibits certain investment activities, including investment in production or processing of psychotropic and narcotic substances, poisonous chemicals, agricultural pesticides and insecticides, and other goods that use chemical substances prohibited by international regulations or the World Health Organization that affect public health and the environment. Production of electric power by using waste imported from foreign countries is prohibited, as is forestry exploitation.

The privatization of state enterprises and transactions involving state property has not always been carried out in a transparent manner. In several instances, the public learned that enterprises were for sale or swap only after the government announced a sale or deal to a particular buyer.

Investor rights (investment guarantees) provided for in the Law on Investment include:

- Foreign investors shall not be treated in a discriminatory manner by reason of being a foreign entity, except in respect to land ownership as provided for in the Constitution of the Kingdom of Cambodia.
- The Royal Government of Cambodia shall not undertake a nationalization policy that adversely affects the private property of investors.
- The Royal Government of Cambodia shall not fix the price of products or fees for services.
- The Royal Government of Cambodia, in accordance with relevant laws and regulations, shall permit investors to purchase foreign currencies through the banking system and to remit abroad those currencies as payments for imports, repayments on loans, payments of royalties and management fees, profit remittances and repatriation of capital.

The following is a summary of Cambodia's rankings in international indexes and the Millennium Challenge Corporation score card.

Measure	Year	Index/Ranking
TI Corruption Index	2009	2/158
Heritage Economic Freedom	2009	56.6/106
World Bank Doing Business	2010	145/145
MCC Govnt Effectiveness	2009	0.00/05 percent
MCC Rule of Law	2009	-0.20/33 percent
MCC Control Corruption	2009	-0.30/12
MCC Fiscal Policy	2009	-2.4/35 percent
MCC Trade Policy	2009	63.4/36 percent
MCC Regulatory Quality	2009	0.21/65 percent
MCC Business Start Up	2009	0.765/16 percent
MCC Land Rights Access	2009	0.769/88 percent

Conversion and Transfer Policies[Return to top](#)

There are no restrictions on the conversion of capital for investors. The Foreign Exchange Law allows the National Bank of Cambodia (the central bank) to implement exchange controls in the event of a crisis; the law does not define what would constitute a crisis. The U.S. Embassy is not aware of any cases in which investors have encountered obstacles in converting local to foreign currency or in sending capital out of the country.

The U.S. dollar is widely used and circulated in the economy. The 2009 exchange rate was stable, although slightly depreciated compared to 2008. As of December 2009, the exchange rate was USD 1 = 4,164 riel. The government is committed to maintaining exchange rate stability.

Expropriation and Compensation[Return to top](#)

Article 44 of the Cambodian Constitution, which restricts land ownership to Cambodian nationals, also states that "the (state's) right to confiscate properties from any person shall be exercised only in the public interest as provided for under the law and shall require fair and just compensation in advance." Article 58 states that "the control and use of state properties shall be determined by law." The Law on Investment provides that "the Royal Government of Cambodia shall not undertake a nationalization policy which adversely affects the private property of investors."

In late 2009, the National Assembly approved the Law on Expropriation which sets broad guidelines on land-taking procedures for public interest purposes and defines public interest activities such as construction of infrastructure projects, development of buildings for national protection and civil security, construction of facilities for research and exploitation of natural resources, and construction of oil pipeline and gas networks.

In spite of various legal protections, protection of immovable property rights is complicated by the fact that most property holders do not have legal documentation of their ownership rights. Numerous cases have been reported of influential individuals or groups acquiring property through means not entirely in keeping with the Constitution or laws. This murky property holding environment may adversely affect long-term leases and /or corporate social responsibility goals unless proper due diligence is conducted. Cases of inhabitants being forced to relocate continued to occur when officials or businesspersons colluded with local authorities, although the numbers reported dropped significantly from the previous year. Human rights NGO ADHOC reported receiving 186 land related cases during the year. During the same period, another NGO received 115 land related cases in Phnom Penh and 14 provinces, affecting a total of 8,806 families. Some of those expelled successfully contested these actions in court, but the majority of the cases in the courts were still being processed.

To date, there are no known investment disputes involving government expropriation of property belonging to U.S. citizens. Up to 17 Thai businesses sustained varying degrees of damage during anti-Thai rioting in Phnom Penh on January 29, 2003. The Cambodian government pledged to compensate Thai business owners, and all of claims have been resolved.

Dispute Settlement

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Cambodia's legal system is a mosaic of pre-1975 statutes modeled on French law, communist-era legislation dating from 1979-1991, statutes put in place by the UN Transitional Authority in Cambodia (UNTAC) during the period 1991-93, and legislation passed by the Royal Government of Cambodia since 1993.

Cambodian culture and its legal system have traditionally favored negotiation and conciliation over adversarial conflict and adjudication. Thus, compromise solutions are the norm, even in cases where the law clearly favors one party in a dispute. In civil cases, courts will often try conciliation before proceeding with a trial.

Cambodia's court system is generally seen as non-transparent and subject to outside influence. Judges, who have been trained either for a short period in Cambodia or under other systems of law, have little access to published Cambodian statutes. Judges can be inexperienced and courts are often understaffed with little experience, particularly in adjudicating commercial disputes. The local and foreign business community reports frequent problems with inconsistent judicial rulings as well as outright corruption, and difficulty enforcing judgments. For these reasons, U.S. investors are reluctant to resort to the courts to resolve commercial disputes.

The Cambodian judiciary system is beginning to undergo reform. To provide the necessary background knowledge, judges and court staff from around the country are being trained by the Royal Academy for Judges and Prosecutors, which was created in 2002. In an effort to clean up the court system, the Prime Minister has announced ad hoc anti-corruption measures, including the dismissal, replacement, and transfer of judges and prosecutors. The Supreme Council of Magistracy, comprised of a president (the King) and eight other members, is responsible for the appointment and conduct of judges and prosecutors.

To address the perception of many Cambodian and foreign business representatives that the court system is unreliable and susceptible to external political and commercial influence, the Cambodian government is finalizing draft legislation to create a Commercial Court. In July 2009, the government passed a sub-decree creating a commercial arbitration body, the National Arbitration Center in the Ministry of Commerce. When the National Arbitration Center is operational, parties involved in a commercial dispute that have a written arbitration agreement will be able to settle commercial disputes by means of quasi-judicial methods without involvement of the Cambodian courts. Parties will be able to select arbitrators without direct government interference. The Law on Commercial Arbitration also allows the Cambodia Chamber of Commerce to establish its own arbitration center for disputes between members or between members and third parties. The law also mandates recognition of arbitral awards made outside of Cambodia. Arbitration awards can be appealed to the Appellate and Supreme Court of Cambodia based on limited grounds.

To handle specific disputes with regard to labor, the Ministry of Labor and Vocational Training established an Arbitration Council in May 2003. Basing its decision on the provisions of the Labor Law, the Council has 30 arbitrators. The Council is an independent body whose function is to resolve collective labor disputes that the Ministry is unable to solve by conciliation. The Council's decisions are non-binding but it has been very successful in reducing the number of industrial actions in the garment sector. The Council plays a vital role in contributing to the development of healthy industrial relations in Cambodia. The Council's success in the garment industry has prompted unions in other sectors, e.g., the hospitality and tourism sectors, to seek the Council's arbitration and mediation services.

Cambodia became a party to the Convention for the Settlement of Investment Disputes between States and Nationals of Other States in 2005. In 2009, the International Center for the Settlement of Investment Disputes (ICSID) approved a U.S. investor's Request for Arbitration in a case against the Kingdom of Cambodia.

Performance Requirements and Incentives

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The Council for the Development of Cambodia (CDC), Cambodia's foreign investment approval body, administers a package of investment incentives. The CDC was created as a one-stop shop to facilitate foreign direct investment.

Seeking to increase government revenue, the international financial institutions recommended that the Cambodian government scale back its investment incentives. Consequently, the Cambodian government amended the Law on Investment in 2003. The law creates regimes for profit (20 percent), salary (5 to 20 percent), withholding (4 to 15 percent), value-added (10 percent) and excise taxes (rates vary). While some incentives have been eliminated, the law provides a simplified, more transparent, and faster mechanism for investment approval.

Under the amended Law on Investment, the profit tax exemption is allocated automatically on the basis of activity and minimum investment amounts as set out in the sub-decree. To maintain the incentives under the law, qualified investment projects (QIP) are required to obtain an annual Certificate of Compliance from the CDC and file this with the annual tax return.

The amended Law on Investment includes the following provisions, which include the exemption, in whole or in part, of customs duties and taxes, for QIPs:

- An exemption from the tax on profit imposed under the Law on Taxation for a set period. The tax exemption period is composed of a trigger period + three years + n years (a number of years determined according to the Financial Management Law and depending on the economic sector). The maximum allowable trigger period is to be the first year of profit or three years after the QIP earns its first revenue, whichever is sooner.
- 100 percent exemption from import duties for construction material, production equipment and production input materials for export QIPs and supporting industry QIPs in accordance with the provisions of the sub-decree on the Implementation of the Amendment to the Law on Investment

- Transfer of incentives by merger or acquisition.
- Renewable land leases of up to 99 years on concession land for agricultural purposes and land ownership permitted to joint ventures with over 50 percent equity owned by Cambodians.
- No price controls on goods produced or services rendered by investors.
- No discrimination between foreign and local investors.
- 100 percent exemption from export tax or duty, except for activities specifically mentioned in the Law on Customs.
- Employment of foreign expatriates where no qualified Cambodians are available. QIPs are entitled to obtain visas and work permits.
- A QIP that is located in a designated special economic zone (SEZ) is entitled to the same incentives and privileges as other QIPs as stipulated in the law.

The September 2005 sub-decree on the Implementation of the Amendment to the Law on Investment also details investment activities that are excluded from incentives, although investment is permitted. They include the following sectors: retail, wholesale, and duty-free stores; entertainment (including restaurants, bars, nightclubs, massage parlors, and casinos); tourism service providers; currency and financial services; press and media related activities; professional services; and production and processing of tobacco and wood products.

Incentives are also excluded in the production of certain products with an investment of less than USD 500,000 such as food and beverages; textiles, garments and footwear; and plastic, rubber, and paper products. Investors are encouraged to refer to the sub-decree for details of other investment activities that are excluded from incentives.

Investment activities that are eligible for customs duty exemption, but not eligible for the profit tax exemption, are telecommunication basic services; exploration of gas and oil, including supply bases for gas and oil activities; and mining.

Cambodia allows foreign lawyers to supply legal services with regard to foreign law and international law, and allows them to supply certain legal services with regard to Cambodian law in "commercial association" with Cambodian law firms. Cambodia's WTO General Agreement on Trade in Services (GATS) commitment defines "commercial association" as any type of commercial arrangement, without any requirement as to corporate form. Thus, there are no equity limitations on the practice of foreign and international law by foreign enterprises and there are no equity limitations on the formation of "commercial associations" under which foreigners may practice certain legal services with regard to Cambodian law.

Investors who wish to take advantage of investment incentives must submit an application to the Cambodian Investment Board (CIB), the division of the CDC charged with reviewing investment applications. Investors not wishing to apply for investment incentives, or who are ineligible, may establish their company simply by registering corporate documents with the Department of Legal Affairs of the Ministry of Commerce. Once an investor's application is submitted, the CDC will issue to the applicant either a Conditional Registration Certificate or a Letter of Non-Compliance within three workdays. The Conditional Registration Certificate will set out the terms, such as approvals, authorization, clearances, permits or registrations required. If the CDC fails to issue the Conditional Registration Certificate or Letter of Non-Compliance within three workdays, then the Conditional Registration Certificate will be considered approved.

The CDC has the responsibility to obtain all of the licenses from relevant government agencies on behalf of investor applicants. The relevant government agencies must issue the required documents no later than 28 workdays from the date of the Conditional Registration Certificate. At the end of the 28 days, the CDC will issue a Final Registration Certificate.

The Sub-decree on the Implementation of the Amendment of the Law on Investment adopted on September 27, 2005 does not require investors to place a deposit guaranteeing their investment except in cases in which the deposit is required in a concession contract or real estate development project. Investors who wish to apply are required to pay an application fee of seven million riel (approx. USD 1,750) representing the administration fees for securing the approvals, authorizations, licenses, or registrations from all relevant ministries and entities including stamp duty.

Under a 2008 sub-decree, the CDC is required to submit to the Council of Ministers for approval investment proposals with an investment capital of USD 50 million or more; involve politically sensitive issues; involve the exploration and the exploitation of mineral or natural resources; may have a negative impact on the environment; have long-term strategy; or, involve infrastructure concessions.

Right to Private Ownership and Establishment

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There are no limits on the rights of foreign and domestic entities to establish and own business enterprises or to compete with public enterprises. However, the Constitution provides that only Cambodian citizens or legal entities have the right to own land. A legal entity is considered to be Cambodian when at least 51 percent of its shares are owned by Cambodian citizen(s) or by Cambodian legal entities. A new law allowing foreign ownership of properties, such as apartments and condominiums is expected to be passed in 2010. The current draft stipulates that only properties located above the ground floor can be foreign-owned, and foreigners would not be able to own property within 30 kilometers of a national border.

Under the 2001 Land Law, foreign investors may secure control over land through concessions, long-term leases, or renewable short-term leases. If investors intend to take a long-term lease interest in land or ownership interest through a 51 percent Cambodian company, it is essential that caution be exercised to ensure that clear and unencumbered ownership of the land is verified.

The Land Law establishes a comprehensive legal framework for long-term leasing. The leaseholder has a contractual interest in the land, which means the lease can be sold or transferred through succession and can be pledged as security in order to raise financing. It is also important to make sure that the land ownership is clearly and legally established before entering into any leasing agreement.

Qualified investors approved by the Council for the Development of Cambodia have the right to own buildings built on leased property. However the law is unclear as to whether buildings from qualified projects can be transferred between foreign investors or whether foreign investors can own buildings built through projects not approved by the CDC.

Cambodia has adopted legislation concerning the protection of property rights, including the Land Law and the Law on Copyrights and Law on Patent and Industrial Design. Cambodia is a member of the World Intellectual Property Organization (WIPO) and the Paris Convention for the Protection of Industrial Property.

Chattel and real property: The 2001 Land Law provides a framework for real property security and a system for recording titles and ownership. Land titles issued prior to the end of the Khmer Rouge regime in 1979 are not recognized due to the severe dislocations that occurred during the Khmer Rouge period. The government is making efforts to accelerate the issuance of land titles, but in practice, the titling system is cumbersome, expensive, and subject to corruption. The majority of property owners lack documentation proving ownership. Even where title records exist, recognition of legal title to land has been a problem in some court cases where judges have sought additional proof of ownership. Although foreigners are constitutionally forbidden to own land, the 2001 law allows long or short-term leases to foreigners.

Intellectual property rights (IPR): Cambodia's IPR regime is in compliance with its WTO member commitments; however, comprehensive enforcement remains problematic. The 1996 U.S.-Cambodia Trade Agreement contained a broad range of IPR protections, but given Cambodia's very limited experience with IPR, the WTO agreement granted phase-in periods for the Cambodian government to fully implement IPR protections. On November 9, 2005, the WTO granted a deadline extension until 2013 for Cambodia and other least developed countries to enforce copyright laws and begin accepting patents.

In a significant step toward consolidating IPR policy-making, enforcement and technical assistance, the Council of Ministers created the National Committee for Intellectual Property Management on September 18, 2008 with its secretariat within the Ministry of Commerce. This committee is responsible for developing national policy on intellectual property, strengthening interagency cooperation, preparing and disseminating new laws and regulations, and acting as a clearinghouse for technical assistance relating to the intellectual property sector. This new interagency IPR committee chaired by the Minister of Commerce includes a broad range of IPR actors including representatives from the Council of Ministers and the Ministries of Industry Mines and Energy; Culture and Fine Arts; Interior; Economy and Finance; Posts and Telecommunications; Health; Agriculture, Forestry and Fisheries; Environment; Justice; Education; and Tourism.

Trademarks: The Cambodian National Assembly approved the Law Concerning Marks, Trade Names and Acts of Unfair Competition to comply with Cambodia's WTO obligations under the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS). Signed in February 2002, the law outlines specific penalties for trademark violations, including jail sentences and fines for counterfeiting registered marks. It also contains detailed procedures for registering trademarks, invalidation and removal, licensing of marks, and infringement and remedies.

Since 1991, the Ministry of Commerce has maintained an effective trademark registration system, registering more than 35,500 trademarks (nearly 6,599 for U.S. companies) under the terms of a 1991 sub-decree, and has proven cooperative in preventing unauthorized individuals from registering U.S. trademarks in Cambodia.

Despite lacking clear legal authority to conduct enforcement activities, the Ministry of Commerce has taken effective action against trademark infringement in several cases since 1998. The Ministry has ordered local firms to stop using well-known U.S. marks, including Pizza Hut, McDonalds, Nike, Scotties, Marlboro, Seven Eleven, and Pringles. In 2009, the Ministry of Commerce resolved 12 cases of trademark infringements.

Copyrights: Copyrights are governed by the Law on Copyrights and Related Rights, which was enacted in January 2003. Responsibility for copyrights is split between the Ministry of Culture and Fine Arts, which handles phonograms, CDs, DVDs, and other recordings, and the Ministry of Information, which deals with printed materials. Pirated CDs, videos, textbooks, and other copyrighted materials are widely available in Cambodian markets and used throughout the country. Before the adoption of the law, there were no provisions for enforcement of copyrights.

To protect and manage their economic rights, authors and related rights holders are allowed by law to establish a collective management organization (CMO). The creation of the CMO requires authorization from either the Ministry of Culture and Fine Arts or the Ministry of Information, depending on the nature of their work. The Ministry of Culture and Fine Arts is developing a sub-decree on collective management. In mid-2007, the Ministry of Culture and Fine Arts created a Copyright Department which is gradually building capacity.

Patents and industrial designs: Cambodia has a very small industrial base, and infringement on patents and industrial designs is not yet commercially significant. With assistance from WIPO, the Ministry of Industry, Mines, and Energy (MIME) prepared a comprehensive law on the protection of patents and industrial designs which went into force in January 2003. The law provides for the filing, registration, and protection of patents, utility model certificates and industrial designs. The MIME issued a declaration in June 2006 on granting patents and registering industrial designs.

Encrypted satellite signals, semiconductor layout designs, and trade secrets: The Ministry of Commerce is preparing a draft law for trade secrets while the Ministry of Industry, Mines, and Energy is drafting a law on integrated circuit protection. Cambodia has not yet made significant progress toward enacting required legislation on encrypted satellite signals, although it obtained a model law on encrypted satellite signals and semiconductor layout designs from WIPO in March 1999.

IPR enforcement: With the exception of the trademark enforcement, the Cambodian government has taken few significant actions to enforce its IPR obligations. However, in January 2008, at the annual conference of the Ministry of Culture and Fine Arts, the government suggested it would increase prosecutions for copyright violations on domestically produced products before expanding prosecutions for foreign products. Cambodian copyright law allows IPR owners to file a complaint with the authorities to take action. Law enforcement action taken at the request of owners is directed against the piracy of domestically produced music or video products, but not against piracy of foreign optical media. The owners requesting crackdowns must pay support costs to the authorities for conducting the operation. Crackdowns on such IPR violations are not conducted on a consistent basis.

Infringement of IPR is pervasive, ranging from software, compact discs, and music, to photocopied books and the sale of counterfeit products, including cigarettes, alcohol, and pharmaceuticals. In 2008, the Business Software Alliance estimated a 95 percent software piracy rate in Cambodia which cost the industry USD 47 million in 2007. Although Cambodia is not a major center for the production and export of pirated CDs, videos, and other copyrighted materials, local businesses report Cambodia is becoming an increasingly popular source of pirated material due to weak enforcement. The Ministry of Commerce has plans to put in place measures to stop IPR-violating products at borders, as post-inspection mechanisms are unlikely to be effective. During the TIFA discussions in November 2007, Cambodia requested technical assistance for a draft sub-decree on Border Measures detailing procedures at the borders allowing IPR owners to file an application with customs to suspend clearance of suspected counterfeit goods.

Transparency of Regulatory System

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There is no pattern of discrimination against foreign investors in Cambodia through a regulatory regime. Numerous issues of transparency in the regulatory regime arise, however, from the lack of legislation and the weakness of key institutions. Investors often complain that the decisions of Cambodian regulatory agencies are inconsistent, irrational, or corrupt.

The Cambodian government is still in the process of drafting laws and regulations that establish the framework for the market economy. In addition to existing laws and regulations, in 2009, the government adopted the Law on Tourism, the Insolvency Law, and a sub-decree establishing a national commercial arbitration body. A commercial contract law and other important business-related laws such as commercial court, e-commerce, telecommunications, and personal property leasing laws are in draft.

Cambodia currently has no anti-monopoly or anti-trust statutes. On a practical level, Cambodia has indicated a desire to discourage monopolistic trading arrangements in most sectors.

Cambodia is currently working on the establishment of standards and other technical measures based on international practice, guidelines, and recommendations. Under the Law on Standards in Cambodia, passed in 2007, the Institute of Standards in Cambodia (ISC) was created within the Ministry of Industry, Mines, and Energy (MIME) as a central authority to develop and certify national standards for products, commodities, materials, services, and practices and operations. The ISC serves as the secretariat of the National Standards Council which consists of representatives from various government ministries, state-controlled academic/research institutions, the private sector, and a consumer representative created to advise as well as approve standards.

The ISC has been assigned as the focal point for technical barriers to trade (TBT) and as the agency responsible for notifications and publications required by the WTO TBT Agreement. The Ministry of Health is charged with prescribing standards, quality control, distribution and labeling requirement for medicines, but this responsibility may be brought under the ISC in the future.

Quality control of foodstuffs, plant and animal products is currently under the General Directorate of CamControl of the Ministry of Commerce. Cambodia is a member of the Codex Alimentarius Commission. Currently CamControl is the national contact point for Codex Alimentarius. Its primary responsibility is the enforcement of quality and safety of products and services relating to sanitary and phytosanitary (SPS) measures. Cambodia was provided a transition period until January 2007 to implement its WTO TBT Agreement commitments and until January 2008 to implement its SPS Agreement commitments, but has not yet fully implemented these commitments. The RGC plans to adopt a subdecree on Automatic Adoption of Codex Norms by the end of 2010.

The Cambodian Constitution and the 1997 Labor Code provide for compliance with internationally recognized core labor standards. The law authorizes the Ministry of Labor and Vocational Training to set health, safety and other conditions for the workplace. (The "Labor" Section of this report discusses the labor situation in more detail.)

The National Bank of Cambodia supervises Cambodia's banks and financial institutions while the Ministry of Economy and Finance regulates the insurance industry. The insurance market in Cambodia is relatively new, but has recently begun to gain credibility and expand its scope. Currently, there are a few major insurance companies operating here such as Asia Insurance, the state-owned insurance company Caminco, Forte Insurance, Campubank Lonpac Insurance, and Infinity Insurance. Cambodia Reinsurance Company (Cambodia Re) is the only reinsurance company in Cambodia established by the government to carry out reinsurance business operations for all classes of risk, including general insurance and life insurance.

To help Cambodian businesses stay competitive in the world market, the government introduced specific measures to facilitate business, in particular exports, by attempting to reduce informal costs and streamline bureaucratic hurdles. Measures included: (1) introduction of a joint inspection by CamControl and the Customs and Excise Department and issuance of a common inspection report valid for both agencies and the "Federal Office" in order to reduce the amount of time spent applying for export goods inspection; (2) based on this common report, MIME and the Ministry of Commerce will issue the Certificate of Processing (CP) and the Certificate of Origin (CO), respectively; (3) reduction of the costs of registration from USD 615 to USD 177 and of the time limit for Cambodian government issuance of registration from 30 days to ten and a half working days; and (4) reduction of time required to acquire documents related to the CO and exports and for goods inspection.

Cambodia has renewed its commitment to creating a favorable environment for investment and trade and has further committed to reducing unofficial fees and costs related to imports and exports.

Efficient Capital Markets and Portfolio Investment

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Cambodia is moving to address the need for capital markets. In November 2006, the National Assembly passed legislation to permit the government to issue bonds and use the capital to make up budget deficits. However no bonds have been issued since 2007 and Prime Minister Hun Sen said in 2008 that the government does not plan to issue bonds in the near future. In 2007, the government also passed the Law on the Issuance

and Trading of Non-government Securities, and, in partnership with the Korean Stock Exchange, plans to establish a stock market by the end of 2010.

At the end of November 2009, the Securities and Exchange Commission of Cambodia (SECC) released a draft administrative order on equity securities issuance, which is expected to be adopted in 2010. According to the regulation, the issuance of equity securities in the Cambodia stock market can be private placement or public offering. Private placement refers to a personal offer that is made to no more than 30 investors and with an issue size not exceeding 20 percent of shareholder's equity when shareholder's equity is less than USD 4.8 million or with an issue size not exceeding 15 percent of shareholder's equity when shareholder's equity is more than USD 4.8 million during a 12-month period. In addition, the allotment of equity securities of public offerings are divided, with a reserve of 20 percent of total public offering for investors who are Cambodian citizens, and 80 percent of the remaining public offering amount open to investors who are both Cambodian and non-Cambodian citizens.

The Cambodian government does not use regulation of capital markets to restrict foreign investment. Domestic financing is difficult to obtain at competitive interest rates. A new law addressing secured transactions, which includes a system for registering such secured interests, was promulgated in May 2007. Most loans are secured by real property mortgages or deposits of cash or other liquid assets, as provided for in the existing contract law and land law.

The total assets of Cambodia's banking system as of September 2009 were approximately USD 4.9 billion, an increase of nearly 22 percent from 2008. Loans account for about 49 percent of the banking system's assets. The National Bank of Cambodia (NBC) reported that the non-performing loans (NPLs) ratio of banks has increased from 3.7 percent in December 2008 to 5.2 percent in May 2009 and that the rate could reach as high as 10 percent by the end of the year. Credit disbursement has also slowed, from a growth rate of 50 percent in 2008 to just 1 percent through the middle of 2009. As of September 2009, credit granted by the commercial banks amounted to USD 2.4 billion. Loans made to services and the wholesale and retail sectors accounted for over 40 percent of total loans. The banking sector has shown significant improvement, but requires continued progress to gain international confidence.

Under the amended Law on Banking and Financial Institutions, all of Cambodia's commercial banks had to reapply for licenses from the NBC and meet new, stricter capital and prudential requirements by the end of 2001. As a result, there was a significant shakeout and consolidation within the banking sector with the closure and liquidation of 12 banks. In September 2008, the National Bank of Cambodia moved to slow the rapid growth in the number of commercial banks, which increased by more than 20 percent in the first nine months of 2008, giving commercial banks without an investment grade shareholder until the end of 2010 to triple minimum capital from USD 13 million to USD 37 million. In January 2008, Cambodia's banks were given their first-ever risk assessment from Standard & Poor's of a 'B+/B' rating with stable outlook. Their placement was alongside that of banks in Venezuela, Bolivia, Ukraine, and Jamaica. Banks have been free to set their own interest rates since 1995 and average annual interest rate spread has declined from 15.3 percent in 2004 to 9.6 percent in May 2009 which reflects an increase in the interest rate for deposits and a decline in the interest rate for credit.

Competition from State Owned Enterprises

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Private enterprises are allowed to compete with public enterprises under the same terms and conditions and in general are not entitled to special trading rights or privileges. However, certain laws and regulations reserve special rights for the state to monopolize various services including the Electricity Law which provides special privilege for the Electricity of Cambodia (EDC) to provide power transmission to the distribution companies and bulk power consumers.

Cambodia has several state-owned enterprises and two joint-venture enterprises with a majority state holding. These include rubber plantations and an agricultural inputs company, infrastructure operating companies, the Phnom Penh Water Supply, the EDC, the Rural Development Bank, and two joint-venture companies – telecommunication operator Camintel and Cambodia Pharmaceutical Enterprise. Currently, the country does not have a sovereign wealth fund.

All SOEs are under the supervision of certain line Ministries or government institutions and are overseen by boards of directors drawn from among senior government officials. The Law on Audit established the National Audit Authority and empowers the Auditor General to conduct audits of state-owned enterprises. The audit conducted by the Auditor General's Office primarily focuses on compliance with rules governing SOE financial management. Limited information is publicly available on the financial position and performance of state-owned enterprises.

Cambodia has yet to pass the Law on Competition as part of its WTO accession obligations. Under the draft law, a National Committee on Competition will be established. However, the 1993 Constitution of Cambodia provides for the state to take necessary intervention measures to protect the competitive process of the marketplace as well as to protect consumer welfare.

Corporate Social Responsibility

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CSR is a new concept to Cambodia and is not widely understood among local producers or consumers. However, certain labor and social standards have been established in key industries, particularly in the garment sector. Under the terms of the 1999 U.S.-Cambodia Trade Agreement, the U.S. Government committed to increase the size of Cambodia's garment export quota if the country could demonstrate improvements in labor standards. This was the first bilateral trade agreement to positively link market access with progress in compliance with labor obligations. Currently labor standard monitoring in the garment sector is being conducted by the International Labour Office (ILO) in coordination with the government. The ILO project succeeded in improving compliance with labor standards, virtually eliminating the worst labor abuses such as forced labor and child labor within the garment sector. Socially responsible businesses continue to source garments from Cambodia due to its well-deserved reputation for high labor standards.

Currently, the ILO's Better Work and Better Factories Cambodia program is developing a training package on planning and implementing the transition of the inspections regime

towards substantial compliance with international labor standard such as the OECD Guidelines for Multinational Enterprises. In addition, several multinational enterprises conduct CSR programs in Cambodia which are viewed favorably by the local community.

Political Violence

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Cambodia is relatively peaceful compared to its pre-UNTAC history. Election-related violence has decreased in each national election held at five-year intervals since 1993. Cambodia's 2007 commune council elections followed by the July 2008 National Assembly election had little of the pre-election violence or intimidation that preceded the 2002 and 2003 elections. The 2007 and 2008 polls resulted in clear victories for the Cambodian People's Party, with the Sam Rainsy Party emerging as the main opposition party.

Cambodian political activities have turned violent in the past, and the possibility for politically motivated violence remains. During the anti-Thai riots in 2003, the Royal Embassy of Thailand and Thai-owned commercial establishments were attacked. In November 2006, police arrested six people for allegedly plotting to conduct bomb attacks in Phnom Penh during the Water Festival.

On July 29, 2007, three improvised explosive devices (IEDs) were planted at the Vietnam-Cambodia Friendship Monument in Phnom Penh. One of the IEDs partially exploded, but the others failed to detonate and were recovered by Cambodian authorities. No one was injured. On January 2, 2009, two undetonated IEDs were found near the Ministry of National Defense and state-owned TV3. While there is no indication these incidents were directed at U.S. or other Western interests, the possibility remains that further attacks could be carried out.

Following the July 2008 UNESCO World Heritage Site listing of the Preah Vihear Temple, thousands of Thai and Cambodian soldiers amassed in a few isolated areas along the Thai-Cambodian border, particularly near the disputed Preah Vihear temple area. Since then, soldiers have clashed near the temple resulting in deaths on both sides, but the outbreaks of violence have been rare and lasted only a few hours. Both the Thai and Cambodian governments have committed to a peaceful resolution of the dispute.

Corruption

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Corruption, including bribery, raises the costs and risks of doing business. Corruption has a corrosive impact on both market opportunities overseas for U.S. companies and the broader business climate. It also deters international investment, stifles economic growth and development, distorts prices, and undermines the rule of law.

It is important for U.S. companies, irrespective of their size, to assess the business climate in the relevant market in which they will be operating or investing, and to have an effective compliance program or measures to prevent and detect corruption, including foreign bribery. U.S. individuals and firms operating or investing in foreign markets

should take the time to become familiar with the relevant anticorruption laws of both the foreign country and the United States in order to properly comply with them, and where appropriate, they should seek the advice of legal counsel.

The U.S. Government seeks to level the global playing field for U.S. businesses by encouraging other countries to take steps to criminalize their own companies' acts of corruption, including bribery of foreign public officials, by requiring them to uphold their obligations under relevant international conventions. A U. S. firm that believes a competitor is seeking to use bribery of a foreign public official to secure a contract should bring this to the attention of appropriate U.S. agencies, as noted below.

U.S. Foreign Corrupt Practices Act: In 1977, the United States enacted the Foreign Corrupt Practices Act (FCPA), which makes it unlawful for a U.S. person, and certain foreign issuers of securities, to make a corrupt payment to foreign public officials for the purpose of obtaining or retaining business for or with, or directing business to, any person. The FCPA also applies to foreign firms and persons who take any act in furtherance of such a corrupt payment while in the United States. For more detailed information on the FCPA, see the FCPA Lay-Person's Guide at: <http://www.justice.gov/criminal/fraud/docs/dojdocb.html>.

Other Instruments: It is U.S. Government policy to promote good governance, including host country implementation and enforcement of anti-corruption laws and policies pursuant to their obligations under international agreements. Since enactment of the FCPA, the United States has been instrumental to the expansion of the international framework to fight corruption. Several significant components of this framework are the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions (OECD Antibribery Convention), the United Nations Convention against Corruption (UN Convention), the Inter-American Convention against Corruption (OAS Convention), the Council of Europe Criminal and Civil Law Conventions, and a growing list of U.S. free trade agreements. This country is party to [add instrument to which this country is party], but generally all countries prohibit the bribery and solicitation of their public officials.

OECD Antibribery Convention: The OECD Antibribery Convention entered into force in February 1999. As of December 2009, there are 38 parties to the Convention including the United States (see <http://www.oecd.org/dataoecd/59/13/40272933.pdf>). Major exporters China, India, and Russia are not parties, although the U.S. Government strongly endorses their eventual accession to the Convention. The Convention obligates the Parties to criminalize bribery of foreign public officials in the conduct of international business. The United States meets its international obligations under the OECD Antibribery Convention through the U.S. FCPA.
[Insert information as to whether your country is a party to the OECD Convention.]

UN Convention: The UN Anticorruption Convention entered into force on December 14, 2005, and there are 143 parties to it as of December 2009 (see <http://www.unodc.org/unodc/en/treaties/CAC/signatories.html>). The UN Convention is the first global comprehensive international anticorruption agreement. The UN Convention requires countries to establish criminal and other offences to cover a wide range of acts of corruption. The UN Convention goes beyond previous anticorruption instruments, covering a broad range of issues ranging from basic forms of corruption such as bribery and solicitation, embezzlement, trading in influence to the concealment

and laundering of the proceeds of corruption. The Convention contains transnational business bribery provisions that are functionally similar to those in the OECD Antibribery Convention and contains provisions on private sector auditing and books and records requirements. Other provisions address matters such as prevention, international cooperation, and asset recovery.

[Insert information as to whether your country is a party to the UN Convention.]

OAS Convention: In 1996, the Member States of the Organization of American States (OAS) adopted the first international anticorruption legal instrument, the Inter-American Convention against Corruption (OAS Convention), which entered into force in March 1997. The OAS Convention, among other things, establishes a set of preventive measures against corruption, provides for the criminalization of certain acts of corruption, including transnational bribery and illicit enrichment, and contains a series of provisions to strengthen the cooperation between its States Parties in areas such as mutual legal assistance and technical cooperation. As of December 2009, the OAS Convention has 33 parties (see <http://www.oas.org/juridico/english/Sigs/b-58.html>)

[Insert information as to whether your country is a party to the OAS Convention.]

Council of Europe Criminal Law and Civil Law Conventions: Many European countries are parties to either the Council of Europe (CoE) Criminal Law Convention on Corruption, the Civil Law Convention, or both. The Criminal Law Convention requires criminalization of a wide range of national and transnational conduct, including bribery, money-laundering, and account offenses. It also incorporates provisions on liability of legal persons and witness protection. The Civil Law Convention includes provisions on compensation for damage relating to corrupt acts, whistleblower protection, and validity of contracts, inter alia. The Group of States against Corruption (GRECO) was established in 1999 by the CoE to monitor compliance with these and related anti-corruption standards. Currently, GRECO comprises 46 member States (45 European countries and the United States). As of December 2009, the Criminal Law Convention has 42 parties and the Civil Law Convention has 34 (see www.coe.int/greco.)

[Insert information as to whether your country is a party to the Council of Europe Conventions.]

Free Trade Agreements: While it is U.S. Government policy to include anticorruption provisions in free trade agreements (FTAs) that it negotiates with its trading partners, the anticorruption provisions have evolved over time. The most recent FTAs negotiated now require trading partners to criminalize “active bribery” of public officials (offering bribes to any public official must be made a criminal offense, both domestically and transnationally) as well as domestic “passive bribery” (solicitation of a bribe by a domestic official). All U.S. FTAs may be found at the U.S. Trade Representative Website: <http://www.ustr.gov/trade-agreements/free-trade-agreements>.

[Insert information as to whether your country has an FTA with the United States: Country [X] has a free trade agreement (FTA) in place with the United States, the [name of FTA], which came into force. Consult USTR Website for date:

<http://www.ustr.gov/trade-agreements/free-trade-agreements>.]

Local Laws: U.S. firms should familiarize themselves with local anticorruption laws, and, where appropriate, seek legal counsel. While the U.S. Department of Commerce cannot provide legal advice on local laws, the Department’s U.S. and Foreign Commercial Service can provide assistance with navigating the host country’s legal system and obtaining a list of local legal counsel.

Assistance for U.S. Businesses: The U.S. Department of Commerce offers several services to aid U.S. businesses seeking to address business-related corruption issues. For example, the U.S. and Foreign Commercial Service can provide services that may assist U.S. companies in conducting their due diligence as part of the company's overarching compliance program when choosing business partners or agents overseas. The U.S. Foreign and Commercial Service can be reached directly through its offices in every major U.S. and foreign city, or through its Website at www.trade.gov/cs.

The Departments of Commerce and State provide worldwide support for qualified U.S. companies bidding on foreign government contracts through the Commerce Department's Advocacy Center and State's Office of Commercial and Business Affairs. Problems, including alleged corruption by foreign governments or competitors, encountered by U.S. companies in seeking such foreign business opportunities can be brought to the attention of appropriate U.S. government officials, including local embassy personnel and through the Department of Commerce Trade Compliance Center "Report A Trade Barrier" Website at tcc.export.gov/Report_a_Barrier/index.asp.

Guidance on the U.S. FCPA: The Department of Justice's (DOJ) FCPA Opinion Procedure enables U.S. firms and individuals to request a statement of the Justice Department's present enforcement intentions under the anti bribery provisions of the FCPA regarding any proposed business conduct. The details of the opinion procedure are available on DOJ's Fraud Section Website at www.justice.gov/criminal/fraud/fcpa. Although the Department of Commerce has no enforcement role with respect to the FCPA, it supplies general guidance to U.S. exporters who have questions about the FCPA and about international developments concerning the FCPA. For further information, see the Office of the Chief Counsel for International Counsel, U.S. Department of Commerce, Website, at http://www.ogc.doc.gov/trans_anti_bribery.html. More general information on the FCPA is available at the Websites listed below.

Exporters and investors should be aware that generally all countries prohibit the bribery of their public officials, and prohibit their officials from soliciting bribes under domestic laws. Most countries are required to criminalize such bribery and other acts of corruption by virtue of being parties to various international conventions discussed above.

Public sector corruption, including bribery of public officials, remains a major challenge for U.S. firms operating in Cambodia. Despite increasing investor interest, Cambodia continues to rank poorly on global surveys of competitiveness and corruption. According to the World Economic Forum's Global Competitiveness Report 2009-2010, Cambodia's competitiveness ranking slipped by one point to 110 of 133 countries surveyed, a reversal of the one point climb to 109 in the 2008-2009 report (of 134 countries). The World Bank also ranked Cambodia in the lower half of the list, 145 of 183, on business climate. In 2009, Cambodia scored 2.0 on a scale of 0 (highly corrupt) to 10 (highly clean) in Transparency International's Corruption Perceptions Index, ranking 158 out of 180 countries assessed, suggesting widespread and endemic forms of corruption.

Business people, both local and foreign, have identified corruption, particularly within the judiciary, as the single biggest deterrent to investment in Cambodia. Corruption was cited by a plurality of respondents to the World Economic Forum survey as the most problematic factor for doing business in Cambodia. A 2007 USAID-funded survey of the

Phnom Penh Chamber of Commerce also found that corruption is considered to be the main obstacle for doing business.

Public sector salaries range from USD 25-60 per month for working level officials, and around USD 2000 per month for high-ranking officials. Although there is an annual salary increase of 10-15 percent, these wages are far below the level required to maintain a suitable quality of life in Cambodia, and as a result, public employees are susceptible to corruption and conflicts of interest. Local and foreign businesses report that they must often pay extra facilitation fees to expedite any business transaction. Additionally, for those seeking to enter the Cambodian market, the process for awarding government contracts is not transparent and is subject to major irregularities.

Current Cambodian laws and regulations and their application are insufficient to address the problem of corruption. Laws dating from the UNTAC period (1991-93) against embezzlement, extortion, and bribing public officials exist, but are enforced rarely, often for political reasons.

Cambodia is not a signatory to the OECD Anti-Bribery Convention, but has endorsed the ADB/OECD Anti-Corruption Action Plan for Asia and the Pacific. In 2007, the government signed a regional anti-corruption pact with eight other ASEAN countries, and in September of the same year, also signed the UN Convention Against Corruption. Cambodia is considering joining the Extractive Industries Transparency Initiative governing the oil sector.

Cambodia is under increasing pressure from donors to address the issue of good governance in general, and corruption in particular. Cambodia began efforts to draft and enact anti-corruption legislation in the 1990's. In a draft action plan on good governance presented to donors in May 2000, Cambodia promised to pass anti-corruption legislation by late 2001. Since then, donors have become increasingly frustrated with the government's failure to meet a series of benchmarks to enact new anti-corruption legislation.

However, in October 2009, the National Assembly passed a new Penal Code, which the government has long stated was a prerequisite to the heavily anticipated anti-corruption law. In March 2010, the National Assembly finally passed the long-awaited anti-corruption law. Under the new law, all civil servants will be obliged to declare their financial assets to the government every two years.

The Ministry of National Assembly-Senate Relations and Inspection (MONASRI) has an anti-corruption mandate, but is largely inactive. In 2007, however, MONASRI, with technical assistance from USAID, created a draft Access to Information Policy. The draft has yet to be forwarded to the Council of Ministers. The government also created an anti-corruption commission within the cabinet in late 1999, which has undertaken a few investigations, one of which resulted in the dismissal of a mid-level official in late 2001. Also in 2001, the government established a National Audit Authority, which has been only marginally effective because of its lack of transparency and independence.

Ignoring the existing anti-corruption commission, the government established the Anti-Corruption Unit (ACU) in August 2006, a temporary body designed to address corruption until the anti-corruption legislation is passed. The mission of the ACU is to focus on preventing corruption, strengthening law enforcement, and obtaining public support for

combating corruption. However the ACU is considered to be ineffective because of its lack of independence and capacity.

Anti-Corruption Resources

Some useful resources for individuals and companies regarding combating corruption in global markets include the following:

- Information about the U.S. Foreign Corrupt Practices Act (FCPA), including a “Lay-Person’s Guide to the FCPA” is available at the U.S. Department of Justice’s Website at: <http://www.justice.gov/criminal/fraud/fcpa>.
- Information about the OECD Antibribery Convention including links to national implementing legislation and country monitoring reports is available at: http://www.oecd.org/departement/0,3355,en_2649_34859_1_1_1_1_1,00.html. See also new Antibribery Recommendation and Good Practice Guidance Annex for companies: <http://www.oecd.org/dataoecd/11/40/44176910.pdf>
- General information about anticorruption initiatives, such as the OECD Convention and the FCPA, including translations of the statute into several languages, is available at the Department of Commerce Office of the Chief Counsel for International Commerce Website: http://www.ogc.doc.gov/trans_anti_bribery.html.
- Transparency International (TI) publishes an annual Corruption Perceptions Index (CPI). The CPI measures the perceived level of public-sector corruption in 180 countries and territories around the world. The CPI is available at: http://www.transparency.org/policy_research/surveys_indices/cpi/2009. TI also publishes an annual *Global Corruption Report* which provides a systematic evaluation of the state of corruption around the world. It includes an in-depth analysis of a focal theme, a series of country reports that document major corruption related events and developments from all continents and an overview of the latest research findings on anti-corruption diagnostics and tools. See <http://www.transparency.org/publications/gcr>.
- The World Bank Institute publishes Worldwide Governance Indicators (WGI). These indicators assess six dimensions of governance in 212 countries, including Voice and Accountability, Political Stability and Absence of Violence, Government Effectiveness, Regulatory Quality, Rule of Law and Control of Corruption. See http://info.worldbank.org/governance/wgi/sc_country.asp. The World Bank Business Environment and Enterprise Performance Surveys may also be of interest and are available at: <http://go.worldbank.org/RQQXYJ6210>.
- The World Economic Forum publishes the *Global Enabling Trade Report*, which presents the rankings of the Enabling Trade Index, and includes an assessment of the transparency of border administration (focused on bribe payments and corruption) and a separate segment on corruption and the regulatory environment. See <http://www.weforum.org/en/initiatives/gcp/GlobalEnablingTradeReport/index.htm>.

- Additional country information related to corruption can be found in the U.S. State Department's annual *Human Rights Report* available at <http://www.state.gov/g/drl/rls/hrrpt/>.
- Global Integrity, a nonprofit organization, publishes its annual *Global Integrity Report*, which provides indicators for 92 countries with respect to governance and anti-corruption. The report highlights the strengths and weaknesses of national level anti-corruption systems. The report is available at: <http://report.globalintegrity.org/>.

Bilateral Investment Agreements

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Cambodia has signed bilateral investment agreements with Australia, China, Croatia, Cuba, the Czech Republic, France, Germany, Indonesia, Kuwait, Japan, Laos, Malaysia, the Netherlands, North Korea, the Organization of the Petroleum Exporting Countries (OPEC), Pakistan, the Philippines, Singapore, South Korea, Switzerland, Thailand, and Vietnam. Future agreements with Algeria, Bulgaria, Burma, Egypt, Hungary, Libya, Malta, Qatar, Russia, the United Kingdom, and Ukraine are planned. The agreements provide reciprocal national treatment to investors, excluding benefits deriving from membership in future customs unions or free trade areas and agreements relating to taxation. The agreements preclude expropriations except those that are undertaken for a lawful or public purpose, are non-discriminatory, and are accompanied by prompt, adequate and effective compensation at the fair market value of the property prior to expropriation. The agreements also guarantee repatriation of investments and provide for settlement of investment disputes via arbitration.

In addition, in July 2006, Cambodia signed a Trade and Investment Framework Agreement (TIFA) with the United States, which will promote greater trade and investment in both countries and provide a forum to address bilateral trade and investment issues. Two very successful meetings were held under the TIFA in 2007 in which the U.S. and Cambodian governments discussed WTO accession requirements, trade facilitation and economic development initiatives, and progress on intellectual property rights. Since then, several bilateral working level meetings have been held to advance the TIFA agenda.

OPIC and Other Investment Insurance Programs

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Cambodia is eligible for the Quick Cover Program under which the Overseas Private Investment Corporation (OPIC) offers financing and political risk insurance coverage for projects on an expedited basis. With most investment contracts written in U.S. dollars, there is little exchange risk. Even for riel-denominated transactions, there is only one exchange rate, which is fairly stable. Cambodia is a member of the Multilateral Investment Guarantee Agency (MIGA) of the World Bank, which offers political-risk insurance to foreign investors.

The Export-Import Bank of the United States (Ex-Im Bank) provides financing for purchases of U.S. exports by private-sector buyers in Cambodia on repayment terms of up to seven years. Ex-Im Bank support typically will be limited to transactions with a commercial bank functioning as an obligor or guarantor; however, it will consider transactions without a bank undertaking on a case-by-case basis.

Labor

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The country has an economically active population (defined as being ten years of age and older) of some 8.8 million people out of a population of 13.4 million. While government statistics are somewhat higher, they do not fully capture the problems of unemployment and underemployment in Cambodia.

The economy is not able to generate enough jobs in the formal sector to handle the large number of entrants to the job market. This dilemma is likely to become more pronounced over the next decade. Cambodia suffers from a large demographic imbalance. According to the 2008 General Population Census of Cambodia, Cambodia's annual population growth rate is 1.54 percent. Persons 20 years of age or younger account for 48.1 percent of the total population. As a result, over the next decade at least 275,000 new job seekers will enter the labor market each year.

Approximately 65 - 70 percent of the labor force is engaged in subsistence agriculture. At the end of 2009, about 278,000 people, the majority of whom are women, were employed in the garment sector, with 300,000 Cambodians employed in the tourism sector, and a further 50,000 people in construction.

The 2009-2010 Global Competitiveness Report of the World Economic Forum identified an inadequately educated workforce as one of the most serious problems in doing business in Cambodia. Given the severe disruption to the Cambodian education system and loss of skilled Cambodians during the 1975-79 Khmer Rouge period, workers with higher education or specialized skills are few and in high demand. A Cambodia Socio-Economic Survey conducted in 2004 found that about 12 percent of the labor force has completed at least an elementary education. Only 1.2 percent of the labor force completed post-secondary education.

Overall literacy, for those aged fifteen and over, is 75.1 percent with male literacy rates considerably higher than those for females in both urban and rural areas. Many adults and children enroll in supplementary educational programs, including English and computer training. Employers report that Cambodian workers are eager to learn and, when trained, are excellent, hardworking employees.

Cambodia's 1997 labor code protects the right of association and the rights to organize and bargain collectively. The code prohibits forced or compulsory labor, establishes 15 as the minimum allowable age for paid work, and 18 as the minimum age for anyone engaged in work that is hazardous, unhealthy or unsafe. The statute also guarantees an eight-hour workday and 48-hour work week, and provides for time-and-a-half pay for overtime or work on the employee's day off. The law gives the Ministry of Labor and Vocational Training (MOLVT) a legal mandate to set minimum wages after consultation with the tripartite Labor Advisory Committee. In January 2007, the minimum wage for garment and footwear workers was officially set at USD 50 per month. In April 2008, a

USD 6 per month cost of living allowance was instituted to offset high levels of inflation. There is no minimum wage for any other industry. To increase competitiveness of garment manufacturers, the labor code was amended in 2007 to establish a night shift wage of 130 percent of day time wages.

Aceda Bank, a local commercial bank, is currently managing Cambodia's first National Social Security Fund (NSSF), which protects workers against occupational risks and workplace accidents. The fund was established by sub-decree in 2007 and requires employers to contribute 0.8 percent of each employee's salary to the NSSF. As of December 29, 2009, approximately 350,000 workers, most from the garment sector, contribute to the fund through their employer. The Cambodian government has responded to the global economic crisis by temporarily contributing 0.3 percent towards the NSSF on behalf of employers for two years (2009-2010) which has resulted in a reduction of employers' obligation from 0.8 percent to 0.5 percent of total wages. A second phase of the fund, to be implemented in 2010, will focus on health care for employees, followed by pensions in 2012.

Enforcement of many aspects of the labor code is poor, albeit improving. Labor disputes can be problematic and may involve workers simply demanding conditions to which they are legally entitled. In labor disputes in which workers complain of poor or unhealthy conditions, MOLVT and the Ministry of Commerce have ordered the employer to take corrective measures. The U.S. Government, the ILO, and others are working closely with Cambodia to improve enforcement of the labor code and workers' rights in general. The U.S.-Cambodia Bilateral Textile Agreement linked Cambodian compliance with internationally recognized core labor standards with the level of textile quota the U.S. granted to Cambodia. While the quota regime ended on January 1, 2005, a "Better Factories" program continues to build on the labor standards established.

Foreign-Trade Zones/Free Ports

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To facilitate the country's development, the Cambodian government has shown great interest in increasing exports via geographically defined special economic zones (SEZs), with the goal of attracting much-needed foreign direct investment.

The government is preparing a Law on Special Economic Zones which will define SEZs and establish the rules under which they will operate. The law may be submitted for approval of the Council of Ministers in 2010.

In late December 2005, the Council of Ministers passed a sub-decree on Establishment and Management of Special Economic Zones to speed up the creation of the zones. The sub-decree details procedures, conditions and incentives for the investors in the zone.

Since issuing the sub-decree, the Cambodia Special Economic Zones Board (CSEZB) has approved 21 SEZs as of December 2009, of which 4 are in operation, located near the borders of Thailand and Vietnam, and in Phnom Penh, Kampot, and Sihanoukville.

Foreign Direct Investment (FDI) proposals approved by the Council for the Development of Cambodia (CDC) have dramatically increased in recent years, with approved FDI reaching USD 10.9 billion in 2008, compared with USD 201 million in 2004. However, FDI inflows declined dramatically to only USD 1.6 billion as of October 2009 due to the impact of the global economic crisis. FDI registered capital however, has been modest since 1995, with an average inflow of USD 304 million in the period 1995-2008. The FDI registered capital figures probably understate actual investment, since they report only registered capital and not fixed assets. CDC statistics for fixed assets, however, are based on projections, and the CDC has no effective monitoring mechanism to determine the veracity of the numbers. The FDI registered capital flow into Cambodia is uneven and gradually declined from USD 135 million in 1999 to USD 30 million in 2003, but rose to USD 105 million in 2009.

Total FDI registered capital flows into Cambodia for the years 1998-2009 are presented in the table below, in USD million. (Source: CDC) (Note: statistics from the National Bank of Cambodia differ significantly from CDC's figures.)

1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
320	135	74	81	50	30	45	383	209	473	260	105

Figures from the CDC for registered capital of approved projects, including domestic investment, and broken down by country of origin and economic sector, are provided below. The FDI registered capital figures below may overstate investment because they include projects that have not yet been, or may never be, fully implemented and retention of dormant or defunct projects from earlier years makes the investment figures appear higher.

Total cumulative registered investment projects approved, by country of origin, August 1994 to October 2009 (source: CDC)

Country	USD millions	Pct.
Malaysia	1,736	32.17
Cambodia	1,526	28.28
China	603	11.17
Taiwan	405	7.50
Thailand	221	4.09
Singapore	199	3.68
South Korea	170	3.15
U.K.	132	2.44
USA	71	1.31
Vietnam	69	1.27
Indonesia	55	1.01
Australia	55	1.01
France	42	0.77
Japan	24	0.44
Other	88	1.63
Total	5,396	100

Total cumulative registered investment capital by sector, from January 1998 to October 2009 (source CDC)

Sector	USUSD millions	Number of Projects
Industry	1,538.7	748
Food Processing	93.5	13
Garments	469.4	421
Petroleum	212.2	9
Wood Processing	100.3	17
Footwear	33.8	27
Agriculture	209.6	90
Services	342.8	81
Construction	64.6	15
Telecommunications	94.5	16
Tourism	446.4	98
Total	2537.5	

New investment projects in USD million, by country of origin, 2004-2009(source: CDC)

Country	2004	2005	2006	2007	2008	2009
Malaysia	7.81	0.6	2.5	19.8	1	na
Cambodia	15	78.5	116.8	264.3	99.8	17.6
U.S.	2.1	2.2	4.3	6.5	12.3	1
Taiwan	4.6	4.1	16.4	14	9.5	5
Singapore	1.6	5.3	3.8	1	12	5.5
China	24	38	28.3	40.4	37.9	34.5
South Korea	4.1	16	4.5	22	19.5	5.2
Hong Kong	na	0.3	1.5	0.6	na	1
France	0.6	0.4	na	0.3	2.3	1.6
Thailand	2	15	10	13.8	30.6	15.5
U.K.	1.5	1	1	1.5	1	2
Canada	1.7	0.6	1.5	na	4.8	1
Indonesia	na	na	na	na	na	1
Australia	na	7	na	3.5	1	na
Japan	0.7	na	1	7.5	4.6	1
Other	na	na	8.1	78.5	4.1	11
Total	65.71	169	199.7	473.7	240.4	102.9

New investment projects in USD million, by sector, 2004-2009 (source: CDC)

Sector	2004	2005	2006	2007	2008	2009
Industry	53.5	325	173.4	269.9	90	56.7
Food Processing	1	na	22	24	4	2
Garments	19	54	41.9	45.1	49	20
Petroleum	1	200	na	na	na	9.2
Wood Processing	1	na	na	2	na	2
Mining	na	30	1	149	4	7
Agriculture	2	4	2	50.1	26	32.5
Services	5	32	16.3	127.2	43	4
Construct	3	31	6	5	1	na
Telecom	na	na	na	42.2	2	2

Infrastructure	na	na	na	65	na	1
Tourism	5.5	18	18	33.5	101	12
Total	66	379	209.7	480.7	260	105.2

The CDC has registered approximately USD 71 million in U.S. investment since August 1994. Caltex has a chain of service stations and a petroleum holding facility in Sihanoukville; Crown Beverage Cans Cambodia Limited, a part of Crown Holdings Inc., produces aluminum cans; and Chevron is actively exploring offshore petroleum deposits. W2E Siang Phong Co., Ltd., a joint venture between U.S.- Dutch investors, invested in biogas power generation. There are also U.S. investors in a number of Cambodia's garment factories.

In 2008, several Cambodia-focused private equity funds emerged seeking to raise between USD 100 and USD 500 million each for investments in infrastructure, agriculture, tourism, and real estate development, among other sectors. However it appears the global economic slowdown is limiting fund-raising abilities, and widespread investments by these funds have not yet materialized.

Major non-U.S. foreign investors include Asia Pacific Breweries (Singapore), Asia Insurance (Hong Kong), ANZ Bank (Australia), BHP Billiton (Australia), Oxiana (Australia), Infinity Financial Solutions (Malaysia), Total (France), Cambodia Airport Management Services (CAMS) (France), Samart Mobil Phone (Malaysia), Shinawatra Mobile Phone (Singapore), Thakral Cambodia Industries (Singapore), Petronas Cambodia (Malaysia), Charoeun Pokphand (Thailand), Siam Cement (Thailand), and Cambrew (Malaysia).

Since 2007, several well-known U.S. companies opened or upgraded their presence in Cambodia. General Electric and DuPont have established representative offices. Otis Elevators, a division of United Technologies, also upgraded to a branch office, and Microsoft initiated a presence through its Market Development Program.

Some major local companies and their sectors are: Sokimex (petroleum, tourism, garment), Royal Group of Companies (mobile phone, telecommunication, banking, insurance), AZ Distribution (construction, telecommunication), Mong Rethy Groups (construction, agro-industry, rubber and oil palm plantation), KT Pacific Group (airport project, construction, tobacco, food and electronics distribution), Hero King (cigarettes, casinos and power), Anco Brothers (cigarettes, casinos and power), Canadia Bank (banking and real estate), Acleda Bank (microfinance), and Men Sarun Import and Export (agro-industry, rice and rubber export).

In 2009 Acleda Bank opened its first bank branch outside of Cambodia in Laos, and has announced plans for further expansion into Vietnam and China. Statistics on Cambodian investment overseas are not available, but such investments are likely minimal.

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Chapter 7: Trade and Project Financing

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How Do I Get Paid (Methods of Payment)

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The most common method of payment is the use of Letters of Credit. Other payment methods such as Forward Exchange Contract, Standby Letters of Credit, Foreign Currency Loans, Import and Export Letters of Credit can be tailor-made to an individual importer or exporter. Instruments that banks offer and methods of payment vary, ranging from Import and Export Documentary Collections, Documentary Export and Import Credits, Open Account, Consignments, Cash-in-Advance and Guarantees. For a large-scale business transaction, exporters and importers are required to have Bank Guarantees, such as Shipping, Bid, Payment, Advance Payment, Performance, and Retention Money guarantees. Letters of Credit are more common than bank guarantees, cash-in advance, and open account. Private commercial banks, including ANZ Royal Bank, Acleda Bank, Campu Bank, Canadia Bank, Foreign Trade Bank, and several others provide trade finance services and have their foreign correspondent banks in the U.S., Europe, Asia, and elsewhere. However, not all Cambodian commercial and specialized banks handle trade finance. Letters of Credit, the most commonly used payment method, are available through those banks having correspondent banking relationships with banks in the U.S. Cambodia does not have a credit rating agency. Commercial banks in Cambodia may use an external credit rating agency, such as Standard & Poor's.

How Does the Banking System Operate

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Cambodia's banking sector is relatively small but is rapidly expanding, with 27 commercial banks (a net increase of 12 in the last two years), 6 specialized banks and 20 licensed Microfinance Institutions (MFIs). The banking sector has shown significant improvement, but requires continued progress to gain international confidence. With increased political stability in Cambodia after decades of war and instability, bank deposits rose on average by approximately 41.6% per year from 2004 to 2007. In 2009, deposits rose 32.7% compared to 2008. Loans in 2009 increased only 10%, coupled with declining banking industry profits.

The financial sector shows some signs of deepening as domestic business activities increase in urban areas. The total assets of Cambodia's banking sector as of December 2009 were approximately US\$5 billion, an increase of 20.5% compared to 2008. Loans account for about 56% of the banking system's assets. Nonperforming loans (NPLs) fell to historic lows between 2 - 4% in 2008 due to dramatic increases in property values through mid-2008. However, the NPLs increased to 6% in 2009 as business activity slowed and the property prices stagnated as a result of the global economic slowdown. As of July 2008, credit granted by the commercial banks amounted to \$2.2 billion. Loans made to services and the wholesale and retail sectors accounted for over 50% of total loans. In 2009, private credit accounted for \$2.49 billion. Despite an increase in the use of banking and finance systems, overall lending and banking activities remain low due to lack of trust and prohibitive interest rates on loans. Increased borrowing and loans are due mainly to expansion in the construction and real estate sectors. In December 2009, private credits rose roughly 3.2% compared to the same period in 2008. Economists note that while a typical country would have a bank deposit to GDP ratio of roughly 60%, Cambodia's ratio is only 23.1% (June 2009), low even by developing economy standards. Cambodia's banking system is highly consolidated, with two banks—Canadia Bank and ANZ Royal—accounting for more than 30% of all bank deposits. Interest rates on commercial loans are fully liberalized for all operations by commercial banks, specialized banks, and MFIs.

Foreign-Exchange Controls

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Cambodia has a free exchange system. Under the 1997 Foreign Exchange Law, there is no restriction on foreign exchange operations, including the purchase and sale of foreign exchange, and the transfer of all types of international settlements. The government intervenes, however, to promote macroeconomic stability by managing the exchange rate to fluctuate at a rate of US\$1= 4,100 Riels. The law stipulates that only authorized intermediaries may perform these transactions. In reality, many unregistered money exchangers perform currency exchange services. The authorized financial intermediaries are lawfully established banks, which are required to report to the National Bank of Cambodia (NBC) on the types of transfers and outflow or inflow of capital. Investors are not required to report on transactions of funds. The burden rests solely on the bank as the authorized intermediary. Article 13(1) of the Law of Foreign Exchange requires the import or export of any means of payment equal to or exceeding US\$10,000 or equivalent to be reported to the Customs authorities at the border crossing point and Customs should transmit this information on a monthly basis to the NBC. While foreign exchange transfers are not currently restricted, the law does allow the National Bank to implement exchange controls in case of a foreign exchange crisis. However, Cambodia does not clearly specify what constitutes a crisis. There are currently no restrictions on the repatriation of profits or capital derived from investments either in Cambodia or on most transfers of funds abroad. The 1994 Investment Law guarantees that investors may freely remit foreign currencies abroad for the purpose of the following payments:

- Payment for imports and repayment of principal and interest on international loans;
- Payment of royalties and management fees;
- Remittance of profits; and
- Repatriation of invested capital on dissolution of an investment project.

U.S. Banks and Local Correspondent Banks

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The following are the major banks that have correspondent U.S. banking arrangements:

- Angkor Capital Bank Plc.
Tel: (855-23) 993168 Fax: (855-23) 994168
Email: info@angkorcapitalbank.com.kh

- Acleda Bank Plc.
Tel: (855-23) 998-777 Fax: (855-23) 998-666
Email: acledabank@acledabank.com.kh

- ANZ Royal Bank
Tel: (855-23) 999-000 Fax: (855-23) 221-310
Email: ccc@anz.com

- Campu Bank
Tel: (855-23) 214-111 Fax: (855-23) 217-655
Email: campupnh@campubank.com.kh

- Canadia Bank
Tel: (855-23) 215-286 Fax: (855-23) 427-064
Email: canadia@canadiabank.com.kh

- Foreign Trade Bank
Tel: (855-23) 724 466 Fax: (855-23) 426 108
Email: ftb@camnet.com.kh

Project Financing

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Commercial lenders rely more on collateral rather than financial cash flow. Trade and investment financing is available through most foreign bank branches and local banks. There is a large but unmet demand for loans for local small and medium enterprises (SMEs). Most loans are short-term and provide working capital to traders. While the average interest rate on deposits in U.S. dollars dropped from roughly 4.5% to 2%-3%, the average interest rate on loans in U.S. dollars rose slightly from approximately 16 % to roughly 17 %. Additionally, repayment terms are short. Loan interest rates vary according to banks and types of loans. The overall interest rates set by financial institutions on borrowing are on a downward trend, making the environment more competitive.

In June 2009, President Obama determined that Cambodia is no longer a Marxist-Leninist economy, as defined under section 2(b)(2B)(i) of the Export-Import Bank (Ex-Im Bank) Act of 1945, removing the long-standing determination which had prohibited the Ex-Im Bank from providing financing in Cambodia. The Ex-Im Bank now offers financing for the purchase of U.S. exports for private-sector buyers in Cambodia for the short-term (repayment up to one year) and the medium-term (repayment from one to seven years).

Ex-Im Bank's support typically will be limited to transactions with a commercial bank functioning as an obligor or guarantor.

Cambodia became a member of the World Bank in 1970, and began borrowing in 1993. The World Bank has a country office in Phnom Penh and has provided loans since 1994 in a variety of sectors with energy, road rehabilitation, education, governance and public sector reform, trade and poverty reduction, disease control and health, and social fund projects constituting the largest shares. The International Monetary Fund (IMF) and other banks, such as Japan Bank for International Cooperation (JBIC), have also provided loans to finance the government's Public Investment Programs. In 1966, Cambodia became a member of the Asian Development Bank (ADB). Since the early 1990s, ADB has approved U.S.\$1,019.40 million in loans as of December 2009 in a variety of sectors, but with emphasis on infrastructure, including road, rail road, and irrigation, the energy and power sectors, private sector development, health, and education. The U.S. Government maintains a commercial liaison office at ADB headquarters in Manila, which reports directly to the Office of Multilateral Development Banks at the Commerce Department in Washington. It assists U.S. companies in bidding on contracts and activities funded by the ADB. Commercial financial leasing, which allows commercial and specialized banks to provide financial leasing, including moveable property to SMEs, started in May 2008 under a Decree (Prakas) on Financial Leasing. The Law on Financial Leasing was adopted in May 2009 and was promulgated in June 2009 to formalize leasing arrangements. Large-scale and long-term financial leasing is growing, yet it remains minimal. For the private sector to access commercial loans for private projects, collateral or other forms of guarantees are required. Through financial leasing, small and medium investment projects can get capital lease assets from leasing firms. Commercial and specialized banks may provide loans for most private sector projects. Cambodia is eligible for the Quick Cover Program under which the Overseas Private Investment Corporation (OPIC) offers financing and political risk insurance coverage for projects on an expedited basis. With most investment contracts written in U.S. dollars, there is little exchange risk. Even for riel-denominated transactions, there is only one exchange rate, which is fairly stable. Cambodia is a member of the Multilateral Investment Guarantee Agency (MIGA) of the World Bank, which offers political-risk insurance to foreign investors.

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Export-Import Bank of the United States: <http://www.exim.gov>

Country Limitation Schedule: http://www.exim.gov/tools/country/country_limits.html

OPIC: <http://www.opic.gov>

Trade and Development Agency: <http://www.tda.gov/>

SBA's Office of International Trade: <http://www.sba.gov/oit/>

USDA Commodity Credit Corporation: <http://www.fsa.usda.gov/cc/default.htm>

U.S. Agency for International Development: <http://www.usaid.gov>

Angkor Capital Bank Plc: www.angkorcapitalbank.com

Asian Development Bank (ADB): www.adb.org

Acleda Bank Plc: www.acledabank.com.kh

ANZ Bank: www.anzroyal.com

Campu Bank: www.campubank.com.kh

Canadia Bank: www.canadiabank.com

Foreign Trade Bank: www.ftbbank.com

Multilateral Investment Guarantee Agency (MIGA): www.miga.org

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Business Customs

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Like many other countries in Asia, many business relationships in Cambodia have their foundations in personal relationships. Connections are important in making contacts and establishing trust. Cambodians are open, approachable and friendly. It is recommended that you approach potential business contacts with a prior introduction or personal reference. Cambodians are more receptive if you arrive with an introduction or letter from a known government official or business contact. Although not absolutely required, small gifts with a company logo are appreciated, as are luncheon or dinner invitations.

Business travelers to Cambodia should have business cards. As in many countries, the cards are exchanged to formalize the introduction process. Always distribute and receive business cards with both hands as a sign of respect to the person you are dealing with and always take a few seconds to study a person's card after it has been handed to you. This is particularly important when dealing with Cambodia's ethnic Chinese minority, many of whom hold influential positions in the country's business community.

Cambodian names are in most cases not anglicized. It is customary for Cambodians to address each other by their given names rather than their family names. Addressing people by their family name is considered rude. The "Sampeah" – placing your palms together in a prayer-like position – remains a traditional gesture of greeting particularly for women although it is becoming more popular to shake hands. Foreigners may shake hands with men and women, but should wait until the woman offers her hand, otherwise you should go with the traditional Sampeah greeting. Touching someone on the head, pointing with your feet, or pointing in someone's face are deemed extremely rude and offensive. Wearing hats in houses, buildings, and particularly in temples is also considered rude.

Cambodia is a tropical hot country, which is not suitable for formal western business attire. But in a strictly formal meeting, it is advisable that you wear a suit and tie

for men and dress for women. In a less formal setting, shirt and tie (or pant suit for women) would be suitable.

Travel Advisory

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Travel within cities and provincial towns is generally safe, but business travelers should consult with the U.S. Department of State prior to arrival in Cambodia for a current travel advisory (this information is available on the web at <http://travel.state.gov>). Travelers should also consult the U.S. Embassy's current Consular Information Sheet, available at http://travel.state.gov/travel/cis_pa_tw/cis/cis_1080.html

Americans may register on-line with U.S. Embassy Phnom Penh to obtain updated information on travel and security within Cambodia.
http://cambodia.usembassy.gov/register_your_stay_abroad.htm

Visa Requirements

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A valid passport and a Cambodian visa are required. Tourist and business visas for U.S. passport holders are valid for one month beginning with the date of entry into Cambodia. Cambodia offers on-line visa processing at <http://evisa.mfaic.gov.kh>. You may also apply in person at the Cambodian Embassy located at 4530 16th Street NW, Washington, DC 20011, tel. 202-726-7742, fax 202-726-8381. Tourists and business travelers may also obtain a Cambodian visa upon arrival at the airports in Phnom Penh, Siem Reap, and at all major border crossings. Any method of obtaining a Cambodian visa requires passport-sized photographs and a passport that is valid for a minimum of six months beyond the date of entry into Cambodia.

The fee is \$20 for tourist visas and \$25 for business visas. Travelers should bring with them two passport-sized photos for the visa application. A tourist visa can be extended for one month, but only one time. For individuals who need to stay longer than the standard one month, a three-month visa will be granted upon application to the Ministry of Interior; the fee for this visa is \$60. Business visas can be extended for \$45 for one month, \$75 for three months, \$155 for six months, and \$285 for one year. These fees are for fast track processing (two working days). Fees for normal processing are lower. Individuals with a business license issued by the Council for the Development of Cambodia (CDC) may apply for a business visa valid for a year. The fee is \$180. The Ministry of Interior has a team at the CDC to assist investors in obtaining long-term business visas.

Travelers should note that Cambodia regularly imposes fines for overstay on an expired visa. If the overstay is 30 days or less, the charge is USD 5.00 per day, while for overstays of over 30 days, the charge is USD 6.00 per day.

Overseas inquiries may be made at the nearest embassy or consulate of Cambodia or visit the Embassy of the Kingdom of Cambodia web site www.embassyofcambodia.org/ for the most current visa information.

U.S. Companies that require travel of foreign businesspersons to the United States should be advised that security opinions are handled via an interagency process. Visa applicants should go to the following links:

State Department Visa Website: <http://travel.state.gov/visa/index.html>

United States Visas.gov: <http://www.unitedstatesvisas.gov/>

U.S Embassy in Phnom Penh: http://cambodia.usembassy.gov/general_information.html

Telecommunications

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Telephone (landlines as well as cell phones), fax, Internet, and telegram services are available in Cambodia. Telephone service may be unreliable (more so for landlines than cell phones), especially for calls coming into Cambodia, or in remote areas. International telephone charges are relatively expensive compared to other countries in the region although phone tariffs are trending downward. The cost of telephone landline connection/installation s has gone down. However, there are often long delays in installation and telephone exchanges, and connecting cables are subject to problems; most people opt to use cell phones exclusively, which are inexpensive and readily available.

Cell phone service covers most urban areas throughout the country and is provided by several companies, including M Fone (www.mfone.com.kh), Mobitel (www.mobitel.com.kh), Hello (www.hellogsm.com.kh), and Beeline (www.beeline.com.kh). International roaming service for mobile phones is available but can be very expensive. Internet services are rapidly improving both in terms of prices and service. However, unlimited broadband is still relatively expensive. Internet access via a wireless system is provided in major hotels and is free of charge in some restaurants and cafés. There is also a plethora of internet cafés in Phnom Penh, Battambang, Preah Sihanouk, and other major provinces which charge modest prices. Cambodia currently has eight Internet providers:

Citylink: www.citylink.com.kh

Camnet: www.camnet.com.kh

Camintel: www.camintel.com

Online: www.online.com.kh

WiCam: wicam.com.kh

Telesurf: www.telesurf.com.kh

Angkor: www.angkornet.com.kh

IS1: www.mfone.com.kh

Transportation

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Cambodia currently has three international airports: Phnom Penh International Airport, Siem Reap International Airport and Sihanoukville International Airport. These three airports have been dramatically upgraded over recent years with modern terminals. Domestic air service links Phnom Penh with Siem Reap. In early 2010, carriers were in negotiation with the airport concession regarding flights to Sihanoukville.

There have been great improvements to the Cambodian road network over the last several years. While connections are not perfect, it is much easier to move around the country now than it was just a few years ago. The safety of road travel outside urban areas varies; traveling only during daylight hours can reduce the potential risk. During the rainy season, some locations cannot be reached by road. Persons planning a lengthy visit to Cambodia should register with the U.S. Embassy Consular Section upon arrival in Cambodia.

Cars and buses offer a cheap way to travel to most provincial capitals. Phnom Penh does not have a bus system and has very few metered taxis. Motorcycle-taxi (locally known as motodup) and cyclos are popular forms of transportation. The U.S. Embassy does not recommend using motodup or cyclos mainly because they are prone to accidents and street crime. Private cars are available for rental in most cities upon arrival. Rental fees run between \$25 and \$50 per day. If contracting with an independent taxi service, visitors should agree on the price with the driver before embarking. In Phnom Penh, travel at night on foot or motorbike is not recommended.

Cambodia has an international and commercial deepwater port at Sihanoukville.
<http://www.pas.gov.kh/>

Language

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Khmer is the official language. Even with the increasing use of English, it is advisable to hire a reliable interpreter, as most business and official meetings are conducted in Khmer. Chinese, French, Thai, and Vietnamese are also widely spoken.

Health

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Medical facilities and services in Cambodia do not meet international standards. Both Phnom Penh and Siem Reap have a limited number of internationally-run clinics and hospitals that can provide basic medical care and stabilization. Medical care outside these two cities is almost non-existent. Local pharmacies provide a limited supply of prescription and over-the-counter medications, but because the quality of locally obtained medications can vary greatly, travelers should bring adequate supplies of their medications for the duration of their stay in Cambodia.

A current list of clinics, hospitals, and pharmacies with names, addresses and telephone numbers may be obtained from the U.S. Embassy consular section website, at:
http://cambodia.usembassy.gov/medical_information.html

For information on avian influenza (bird flu), please refer to the Department of State's Avian Influenza Fact Sheet. The U.S. Department of State is unaware of any HIV/AIDS entry restrictions for visitors to or foreign residents of Cambodia.

Information on vaccinations and other health precautions, such as safe food and water precautions and insect bite protection, may be obtained from the Centers for Disease Control and Prevention's hotline for international travelers at 1-877-FYI-TRIP (1-877-394-8747) or via the CDC's web site at

<http://wwwn.cdc.gov/travel/default.aspx>. For information about outbreaks of infectious diseases abroad consult the World Health Organization's (WHO) web site, at <http://www.who.int/en>. Further health information for travelers is available at <http://www.who.int/ith/en>.

The Department of State strongly urges Americans to consult with their medical insurance company prior to traveling abroad to confirm whether their policy applies overseas and whether it will cover emergency expenses such as a medical evacuation. Please see our information on [medical insurance overseas](#), at: http://travel.state.gov/travel/cis_pa_tw/cis/cis_1470.html.

Local Time, Business Hours, and Holidays

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Local Time

During U.S. Eastern Standard Time, Cambodia is twelve hours ahead of the U.S. East Coast. Cambodia consists of a single time zone and is GMT + 7.

Business Hours

Business hours for commercial offices are usually from 0730 to 1200 in the morning and from 1330 to 1700 in the afternoon Monday through Saturday morning. Government offices are officially open from 0730 to 1130 and from 1400 to 1730.

Holidays for 2010

January 1	International New Year's Day
January 7	Victory over Genocide Regime
January 30	Meaka Bochea Day
March 8	International Women's Day
April 14-16	Khmer New Year's Days
April 28	Visaka Bochea Day
May 1	Labour Day
May 2	Royal Ploughing Ceremony
May 13-15	Birthday of His Majesty Preah Bat Samdech Preah Boromneath NORODOM SIHAMONI, King of Cambodia
June 18	Birthday of Her Majesty the Queen-Mother NORODOM MONINEATH SIHANOUK of Cambodia
September 24	Constitution Day
October 7-9	Pchum Ben
October 29	Coronation Day of His Majesty Preah Bat Samdech Preah Boromneath NORODOM SIHAMONI, King of Cambodia
October 31	Birthday of His Majesty King Father Preah NORODOM SIHANOUK of Cambodia
November 9	Independence Day
November 20-22	Water Festival
December 10	International Human Rights Day

The U.S. Embassy will also observe the following U.S. holidays in 2010:

January 1	New Year's Day
January 18	Martin Luther King's Birthday
February 15	George Washington's Birthday
May 31	Memorial Day

July 5	Independence Day
September 6	Labor Day
October 11	Columbus Day
November 11	Veterans Day
November 25	Thanksgiving Day
December 24	Christmas

Temporary Entry of Materials and Personal Belongings

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Certain articles can be temporarily imported to be re-exported and are exempt from import duties and taxes. The importers are required to pledge that such articles will be re-exported within the specified period and may be required to provide a guarantee which is refunded after all the obligations under the pledge have been fulfilled.

Below are a listing of goods allowed for temporary entry:

1. Display or Exhibition goods in appropriate amount
 - a. Display or Exhibition goods in trade fair or conference
 - b. Goods necessary to display the machines or foreign equipment
 - c. Construction equipment and ornaments
 - d. Advertisement equipment and for display of foreign goods such as film, sound, and documents used in advertisement
 - e. Translation equipment, filming and videoing equipment, and cultural or scientific films used in international conference
2. Technical equipment for technicians, experts, or other professionals used to perform their duties or in the field of expertise (such as PC, phone, fax machine, camera, voice recorder, and LCD), apart from the machinery used in manufacturing, packaging, or natural resource exploitation
3. Container, packages, samples of goods (with no commercial value), and other imports related to, but not part of, commercial transactions when sold or purchased
4. Goods for educational purposes and parts of scientific goods
5. Sports equipment and sportswear
6. Equipment for advertising and attracting tourists to visit other countries
7. Personal effects/belongings
8. Goods imported for humanitarian use/purposes
9. Transportation means for commercial purposes

Additional details on temporary entry can be found at the Customs and Excise Department's website: http://www.customs.gov.kh/temp_admission.html

Web Resources

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- Cambodian Immigration Department: www.cambodia-immigration.com/
- Royal Embassy of Cambodia in Washington D.C.: <http://www.embassyofcambodia.org/visa.htm>

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Chapter 9: Contacts, Market Research, and Trade Events

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Contacts

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U.S. AND CAMBODIAN CONTACTS

A – Royal Government of Cambodia

1 - Key Cambodian Government Agencies

Council for the Development of Cambodia (CDC)

Sangkat Wat Phnom, Phnom Penh, Cambodia

Contact: H.E. Mr. Sok Chenda Sophea, Secretary General

Tel: (885-23) 981-183 or 981-162

Fax: (855-23) 360-636

Website: www.cambodiainvestment.gov.kh

www.cdc-crdb.gov.kh

Ministry of Commerce

Russian Federation Blvd, Phum Teuk Thla

Sangkat Teuk Thla, Khan Sen Sok, Phnom Penh, Cambodia

Contact: H.E. Cham Prasidh, Minister

Tel: (855-23) 426-024

Fax: (855-23) 426-024

Website: www.moc.gov.kh

Ministry of Industry, Mines and Energy

No. 45, Preah Norodom Blvd., Phnom Penh, Cambodia

Contact: H.E. Suy Sem, Minister

Tel: (855-23) 723-077/428-263/427-852

Fax: (855-23) 428-263

Email: mine@cambodia.gov.kh

Website: www.mine.gov.kh

Ministry of Public Works and Transport

Preah Norodom Blvd., Phnom Penh, Cambodia

Contact: H.E. Tram Iv Tek, Minister

Tel: (855-23) 722-615

Fax: (855-23) 723-708

Email: mpwt@mpwt.gov.kh

Website: www.mpwt.gov.kh

Ministry of Agriculture, Forestry and Fisheries

200 Preah Norodom Blvd., Phnom Penh, Cambodia

Contact: H.E. Chan Sarun, Minister

Tel: (855-23) 211-051/322-893
Fax: (855-23) 217-320
Email: icomaff@camnet.com.kh
Website: www.maff.gov.kh

Ministry of Posts and Telecommunications

Corner Street 13 and 102, Sangkat Wat Phnom, Phnom Penh, Cambodia
Contact: H.E. So Khun, Minister
Tel: (855-23) 426-993/426-510
Fax: (855-23) 426-992
Email: mptc@cambodia.gov.kh
Website: www.mptc.gov.kh

Ministry of Tourism

No. 63, St/348, Tuol Svay Prei II., Preah Monivong Blvd., Phnom Penh, Cambodia
Contact: H.E. Thong Khon, Minister
Tel: (855-12) 827-664
Fax: (855-23) 426-877
Email: Tourism@camnet.com.kh
Website: www.mot.gov.kh

Ministry of Economy and Finance

60 Street 92, Phnom Penh, Cambodia
Contact: H.E. Keat Chhon, Minister
Tel: (855-23) 428-634
Fax: (855-23) 427-798
Email: mefcg@hotmail.com
Website: www.mef.gov.kh

General Department of Customs and Excise

Preah Norodom Blvd., Phnom Penh
Contact: H.E. Pen Siman, Director General
Mr. Kun Nhem, Deputy Director General
Tel: (855-23) 214-065
Fax: (855-23) 214-065
Email: customs@camnet.com.kh
Website: www.camnet.com.kh/customs
www.customs.gov.kh

Municipality of Phnom Penh

#69, Preah Monivong Boulevard, Phnom Penh
Contact: H.E. Kep Chuktema, Governor
Tel: (855-23) 428-627
Fax: (855-23) 724-156
Email: phnompenh@phnompenh.gov.kh
Website: www.phnompenh.gov.kh

The National Bank of Cambodia (NBC)

No 22-24, Preah Norodom Blvd., Phnom Penh, Cambodia
Contact: H.E. Chea Chanto, Governor
Mr. Kim Vada, Director of Bank Supervision

Tel: (855-23) 722-221/275-063/724-866
Fax: (855-23) 426-117
Email: info@nbc.org.kh
Website: <http://www.nbc.org.kh>

2 – Cambodian Government Offices in the United States

Cambodian Embassy in the USA

Royal Embassy of Cambodia
4530 16th Street, NW
Washington, DC 20011
Tel: (202) 726 7742
Fax: (202) 726 8381
Contact: H.E. Mr. Hem Heng, Ambassador
Email: cambodian_embassydc@hotmail.com
Website: www.embassyofcambodia.org

Permanent Mission of the Kingdom of Cambodia to the United Nations

327 East 58th Street, New York, N.Y. 10022
Tel: (212) 336-0777/759-7129
Fax: (212) 759-7672
Contact: H.E. Dr. Sea Kosal
Email: cambodia@un.int
Website: www.un.int/cambodia

B – U.S. Government Contacts

United States Embassy Phnom Penh

Cambodian Mailing Address: #1, St. 96, Phnom Penh, Cambodia
U.S. Mailing Address: Unit 8166, Box P, APO AP 96546
Ambassador: Carol A. Rodley
Economic/Commercial Officer: Ms. Melissa A. Sweeney
Economic/Commercial Specialist: Mr. Chheng Kimlong
Tel: (855-23)728-116
Fax: (855-23)728-800
E-mail: SweeneyMA@state.gov
E-mail: ChhengK@state.gov
Website: www.cambodia.usembassy.gov

United States Commercial Service

(Washington, DC)

Trade Information Center

Tel: (800) USA-TRADE
Fax: (202) 482-4473
Website: www.ita.doc.gov/uscs

United States Commercial Service

U.S. Embassy Bangkok
Diethelm Tower A, 304, 93/1 Wireless Rd., Bangkok 10330, Thailand
Contact: Cynthia Griffin, Commercial Counselor
Tel: [66](2) 205-5090

Fax: [66](2) 255-2915
E-Mail: Ann.Bacher@mail.doc.gov
Website: www.buyusa.gov/thailand/en/

Export-Import Bank of the United States (Exim Bank)

811 Vermont Ave. NW
Washington, DC 20571
Tel: 202-565-3510
Fax: 202-565-3380
Website: www.exim.gov

Overseas Private Investment Corporation (OPIC)

Mr. Bruce Cameron, Business Development Officer
1100 New York Avenue NW
Washington, DC 20527, USA
Tel: (202) 336-8745
Fax: (202) 408-5154
E-Mail: Bcame@opic.gov
Website: www.opic.gov

C – Multilateral Contacts:

Asian Development Bank (ADB)

Box 789, 0890 Manila, Philippines
Tel: [63](2)632-6050
Fax: [63](2)632-4003
manila.adb.office.box@mail.doc.gov
Website: www.adb.org

Asian Development Bank (ADB) – Cambodia Resident Mission

No. 29, Suramarit Boulevard, Sangkat Chaktomuk, Khan Daun Penh, Phnom Penh
Tel: (855-23) 215-805
Fax: (855-23) 215-807
Email: adbcarm@adb.org
Website: www.adb.org/carm

International Finance Corp. (IFC)

1850 I (Eye) St. NW
Room I-11-063
Washington, DC 20433, USA
Cambodia Investment Officer: Mr. Morgan Landy
Tel: 202-473-9350
Fax: 202-676-0820
Website: www.ifc.org

International Finance Corp. (IFC) – Cambodia Office

No. 70, Norodom Blvd., Sangkat Chaktomuk, Phnom Penh
Tel: (855-23) 210-922
Fax: (855-23) 215-157
Website: www.ifc.org

Multilateral Investment Guarantee Agency (MIGA)

1818 H St. NW
Washington, DC 20433
Tel: 202-477-1234
Fax: 202-522-2630
Website: www.miga.org

D – Trade Associations**Phnom Penh Chamber of Commerce**

7B Street 81 corner Street 109,
Sangkat Beung Raing, Khan Daun Penh, Phnom Penh, Cambodia
Contact: Okhna Kith Meng, President
Tel: (855-23) 212-265
Fax: (855-23) 212-270
Email: ppcc@camnet.com.kh
Website: www.ppcc.org.kh

Cambodia Federation of Employers and Business Associations (CAMFEBA)

No. 44A, Street 320, Phnom Penh, Cambodia
Mr. Som Chamnan, Executive Manager
Tel: (855-23) 222-186
Fax: (855-23) 222-185
E-mail: camfeba@camfeba.com

The Garment Manufacturers Association in Cambodia (GMAC)

175, Jawaharlal Nehru Blvd., (St. 125), Phnom Penh, Cambodia
Chairman – Mr. Van Sou Ieng
Tel: (855-23) 301-180
Fax: (855-23) 311-181
Contact person: Dr. Ken Loo
Email: info@gmac-cambodia.org
Website: www.gmac-cambodia.org

Phnom Penh Hotel Association (PPHA)

Hotel Cambodiana
313, Sisowath Quay Phnom Penh
Tel: (855-23) 990-577
Email: info@phnompenh-hotels.org
Website: www.phnompenh-hotels.org

E– Local Professional Services

Some professional services, local law firms, or U.S. law firms affiliated with Cambodian attorneys can be contacted through the following entities (listed alphabetically):

BNG – Advocates & Solicitors

Contact person: Mr. Hem Naryth
Address: #84, Street 217, Phnom Penh
Tel: (855-23) 217-510
Fax: (855-23) 212-840

Email: hnh@bngkh.net
Website: www.bngkh.net

DFDL Mekong

Contact person: Mr. L-Martin DeSautels
Address: #45, Preah Suramarit Blvd., Phnom Penh
Tel: (855-23) 210-400
Fax: (855-23) 428-227
Email: cambodia@dfdlmekong.com
Website: www.dfdlmekong.com

KPMG Cambodia Limited

Contact person: David King, Director
#2, Street 208, Sangkat Boeung Prolit, Phnom Penh
Tel: (855-23) 216-899
Fax: (855-23) 217-279
Email: davidking@kpmg.com.kh
Website: www.kpmg.com

Morrison, Kak, and Associates

Contact person: Mr. Key Kak
#25, Street 360, Sangkat Boeung Keng, Kang, Phnom Penh
Tel: (855-16) 884-887
Fax: (855-23) 218-993
Email: mka.audit@morrisonkak.com
Website: www.morrisonkak.com

Price Waterhouse Coopers

Contact person: Mr. Senaka Fernando
#124, Norodom Blvd., Phnom Penh
Tel: (855-23) 218 086
Fax: (855-23) 211 594
Email: senaka.fernando@kh.pwc.com
Website: www.pwc.com/cambodia

Sarin & Associates

Contact Person: Mr. Denora Sarin
Address: #45, Street 355, Phnom Penh
Tel: (855-12) 828 007
Fax: (855-23) 882-943
Email: sarin-associates@camnet.com.kh

Sciaroni and Associates (Legal Advisors)

56, Samdech Sothearos Blvd., Phnom Penh
Tel: (855-23) 210 225
Fax: (855-23) 213-089
Contact: Mr. Bretton Sciaroni
Email: info@sa-cambodia.com
Website: www.sa-cambodia.com

United Studies Group Ltd

Contact: Mr. Christian Berger
Tel/Fax: (855-23) 212-872
Email: info@usg-cambodia.com
Website: www.usg-cambodia.com

F– Foreign Business Association

U.S.-ASEAN Business Council

1101 17th Street NW, Suite 411
Washington, DC 20036
Contact: Ms. Frances Zwenig
Tel: 202 289-1911
Fax 202 289-0519

Email: mail@usasean.org

Website: www.us-asean.org

Description: The U.S.-ASEAN Business Council is a private Organization in the United States representing private sector interests in ASEAN, the Association of Southeast Asian Nations.

American Cambodian Business Council (AmCham)

56, Samdech Sothearos Blvd., Phnom Penh

Tel: (855-23) 362-670

Fax: (855-23) 362-671

Email: info@sa-cambodia.com

Website: www.sa-cambodia.com

Contact: Mr. Bretton Sciaroni (President)

Note: AmCham represents U.S. Business interests in Cambodia

Australian Business Association of Cambodia

#9, Mao Tse Toung Blvd., 245, Phnom Penh

Tel: (855-23) 213-470

Email: abac@irl.com.kh

Website: www.abac.com.kh

BBAC - British Business Association of Cambodia

124, Norodom

Tel: (855-23) 218-086

Mobile: (855-12) 803-891

Email: britemb@online.com.kh

Chambre de Commerce Franco-Cambodgienne

313, Sisowath, Office 13A, Ground Floor, Hotel Cambodiana

Tel & Fax: 023 221 453

Mobile: 012 801 950

Email: ccfc@online.com.kh

www.cfcambodge.org

International Business Club of Cambodia

56, Samdech Sothearos (St. 3)

Tel: (855-23) 210-225

Tel: (855-23) 362-671

Fax: (855-23) 362-871
Mobile Phone: (855-12) 819-596
Email: zirconium@online.com.kh

Canadian Trade Commissioner Service

9, Senei Vinna Vaut Oum (St. 254), Embassy of Canada
Tel: (855-23) 213-470, Ext 417
Fax: (855-23) 211-389
www.infoexport.gc.ca/kh

BCC - Malaysian Business Council of Cambodia

113, Mao Tse Toung (St. 245), Unit G21, Ground Floor, Parkway Square
Tel & Fax: (855-23) 221-386
Mobile: (855-16) 229-168 or (855-12) 808-852
Email: mbcc.secretariat@gmail.com

International Business Club

56, Samdech Sothearos Blvd., Phnom Penh
Tel: (855-23) 362-670
Fax: (855-23) 362-671
Email: info@sa-cambodia.com
Contact: Mr. Bretton Sciaroni (President)

Japanese Business Association

75-5, Preah Sisowath Blvd., Phnom Penh, Cambodia
Tel: (855-23) 426 506
Fax: (855-23) 426 505
Email: mcpnh.manager@online.com.kh

Singapore Business Club (Cambodia)

92, Preah Norodom Blvd., Phnom Penh
Tel: (855-23) 360-855
Fax: (855-23) 360-850
Email: singcamb@online.com.kh

Thai Business Council of Cambodia

196, Preah Norodom Blvd., Phnom Penh
Tel: (855-23) 428-596
Fax: (855-12) 218-578
Email: thaibusinesspnp@yahoo.com
Or mpp.admin@online.com.kh

Market Research

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To view market research reports produced by the U.S. Commercial Service please go to the following website: <http://www.export.gov/marketresearch.html> and click on Country and Industry Market Reports.

Please note that these reports are only available to U.S. citizens and U.S. companies. Registration to the site is required, but free of charge.

Trade Events

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Please click on the link below for information on upcoming trade events.

<http://www.export.gov/tradeevents.html>

Readers may also contact the U.S.-ASEAN Business Council for information on possible events:

U.S.-ASEAN BUSINESS COUNCIL

1101 17th Street NW, Suite 411

Washington, DC 20036

Tel: 202 289-1911

Fax: 202 289-0519

Email: mail@usasean.org

Internet: www.us-asean.org

Note: The US-ASEAN Business Council is the premier national private organization in the United States representing private sector interests in ASEAN, the Association of Southeast Asian Nations.

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